

ORAL HISTORY INTERVIEW #444-3

with

Frederick P. Lowrey (FL)

February 26, 1992

Makiki, O`ahu

BY: Warren Nishimoto (WN)

WN: This is an interview with Mr. Fred Lowrey on February 26, 1992, at his home in Makiki, O`ahu. The interviewer is Warren Nishimoto.

Okay. This is our third interview and we had some slight technical problems last time. So I'd like to back up just a little bit and ask you some questions that I've asked you last time that somehow didn't get on the tape.

FL: Okay. Fine.

WN: Last time I asked you about bomb shelters.

FL: Yeah.

WN: And I was just wondering, you people built one and how the fact that everybody else was building bomb shelters, how that affected your business.

FL: I don't think it had really very much effect on the business, although it may have had some. Because we had considerable difficulty, you see, selling to private individuals. We had to get an approval to sell almost any building material of any structural value. We couldn't sell without a permit from the government. And most of the type of materials that would go into bomb shelters would be of that type. So I doubt whether---they may have approved some and they may not, I really don't have a recollection. So I'll tell you what we did. I went down to the junkyard and I found a used truck body that hauled sand and rock and that sort of thing. And it was junk and for sale, and they hauled it up to my house for me. I bought it. We tipped it upside down on the ground on the terrace outside the house. And then I put a piece of some type of a water shield over the top. Whether it was plastic, or something I was able to get a hold of, or not, I don't remember. And then we were able to get somehow—I don't know how we were able but we were able to get sandbags some way, I think. Or sacks, gunny sacks, or something. I know, maybe it was from concrete or something—used concrete ones or

something. But anyway, so then we filled those with sand and then built a sort of a wall around it of sand. And then went and put something over the roof. I guess anything we had lying around the place we put on the roof to give it some more (protection). I don't know that we used it more than three or four times. When a couple of those sirens went off—one or two times—why we may have used it.

I did phone my (eldest) daughter, who was only a couple of years old at the time. And I phoned her over the weekend and said, "Do you have any recollections of Maunalani Heights when we lived up there and the war?"

And she said, "Yes, I do. I remember you getting a telephone call and being quite concerned. And you talked to Mother. I don't remember the conversation but I do remember your going over to a locked desk, and opening it and getting out a gun."

And at that time I had a (.22) Colt automatic, which was small caliber. It shot "long rifle" (shells). It was the only gun I had—had it for years. Matter of fact, my wife and I had bought it when we were driving across the continent on our honeymoon. And if you come through the state of Colorado—they had no rules whatsoever about it. And I saw this gun there and I thought, "Gee, you know, maybe where we're going and all maybe we ought to have a gun." So I bought it and I taught her how to use it. So when I left the house that day to go down to my job, down at Lewers & Cooke, I think I left the gun with her and showed her (again) how—filled it, the what do you call it? The thing that held the shells and the bullets and so on. And left it with her. And my daughter remembers that. She was only about three, three-and-a-half years old. And then she says she does remember the bomb shelter and she remembers the sirens going off overhead once. I think there was once or twice when we had sirens. And she said she still has some fear, and it's left her with residue—psychological residue—of those years.

And she says that, "Maybe it's one reason why I am very fond of a house, and don't like to move, and so on. I don't know what the whole psychology of it is."

So we had a bomb shelter. But it wasn't . . .

WN: Was it stocked with anything? Canned goods or so forth?

FL: No. Not that I recall. Because it was within a very short running distance of the house. And I sort of felt, I guess, that if it came to that I could run out and get some *kaukau* and get back.

(Laughter)

WN: Was it tall enough to stand up in?

FL: No. No, no. It was, I'd say at the most, three-and-a-half feet high. In other words, it was the depth of a dump truck turned upside down. In other words, that would be the height of it.

WN: I imagine the kids must have had some fun with it.

FL: Well, they probably used it—played house out there and that sort of thing with it. The kids in the neighborhood probably came over there and so on. (When I think of it now and the shell that hit the King Street building, what we had built was not all that substantial, perhaps useless.)

WN: How did the war affect your home life and family life?

FL: It was a strain because of my hours. I had to get to work early, being an officer of the company and all. And we started early. And, of course, we supplied the contractors who started early. And the army was working twenty-four hours a day during all of the first year of the war. So that we kept a crew on at Lewers & Cooke, I believe, for the first year. Somebody was in the warehouse, and the lumberyard, and so on, all night long to fill any orders that the armed forces might want. So I felt it my responsibility to get down to work in time, and we started work at 7:30 [A.M.]. So that meant leaving the house really very early. And I had to drop the kids off at school. That got them at school way early, and so on. But there were other kids, I guess, that were in the same situation so they played with other kids until school started. And then it was sometimes very late when I got home. And then the blackout, of course, really disrupted things. All parties ceased—for several months there were no parties. I guess there were more divorces in Honolulu in the early years of the war than in any short period of time. Husbands and wives couldn't get along with each other because their (social) relationship had been changed. They used to go out and see other people and be able to do other things. Now they were pushed together. And they were very---they had to be very close. And if they couldn't be close then there was trouble. I remember several of our friends got divorces. And then when there was room on some of the clippers going out, several of the wives who were afraid at being here, they left. They got up and left their husbands. And then they couldn't get back. And I remember one couple—she went back. Actually, she was a local girl but she went and stayed with her husband's family—I think it was in Texas—for the balance of the war. And they came back, and then they got together again. But it was really a very disruptive situation. On the other hand, it was a very interesting situation. We had (Mainland) friends—classmates of mine (or Janet's friends) who came through here (on the way to forward assignments) and would give (us) a call. Then when they'd get time off we'd invite them up for a (meal). I'd pick them up Downtown and bring them up. I have no recollection of how we got them home, at this point. Whether I drove them home at night with the blackout lights or. . . . A couple of them that we knew very well we kept overnight. In

other words we put up a bunk out in the living room and so on. And I remember several of them slept overnight and then we could take them back the next day. And then, of course, my wife had friends who (came through). But what they would (also) do would be to have a friend and so on and they say, "Well, look up so-and-so," and, "Look up Janet Lowrey." So we had some very interesting people coming through on their way out to forward bases and so on. But we had very little gasoline. I would say we practically never went out during the week at night. (The day after Pearl Harbor I went and bought the most powerful radio I could locate. It helped us keep in touch with things around the world.) The only real (outside) recreation that we could get would be on Saturdays and Sundays. Our typical family life on Sunday would be to go up and visit my grandfather, who lived up Nu`uanu Valley. And we'd go up and spend part of the afternoon with him and then—to the extent we had any gasoline—we'd drive around and show the kids places, and (visit other friends). (We made it a happy time.)

Later in the war I joined the Outrigger Club. And that was a great opportunity because it meant that the kids could go out there swimming. And Janet could take the kids out there if—again, if there was gasoline. And we didn't have two cars until quite late. Late in the war (or later) I was able to pick up another second-hand car. And I guess at that time they were a little freer on gasoline. I know we used to go out Sunday nights to Outrigger for dinner. The kids loved it because they could eat and then go out and play on the beach while Janet and I finished, and maybe talked with other people and so on. So we had that advantage. And also that gave us (social) contact with other people (whom we) would have otherwise completely lost during those years. And so I've always looked back on those weekends as happy occasions because it did give us a chance as a family to get out and do a few things, but not travel very far because again of gasoline problems. Now later, as the war got further and further on they were much easier on gasoline and we could do more things. And so briefly, that . . .

WN: I asked you one time about the businessmen's military training corps and how a lot of big business people got involved in it. Did you get involved in that at all?

FL: Well, it was something a lot of people wanted to get into and we had requests at Lewers & Cooke from all of our younger guys, and even some of the senior officers. Lewers Paris, who was always considered the number two man in the company. If my father had suddenly died why he would probably would have been the one who'd have been elected president. He wanted to be in it. And a lot of the other younger fellows wanted to be in it. And the problem was I felt the same way, in a way, and yet I didn't like to leave my wife alone with—she had—our third child was born in early 1942. I think it was February. February 3, '42. So she was *hapai* for the first several weeks of the war there. And then, of course, was in the hospital. And we had a heck of a time getting her to the hospital the night that she thought the child was

going to be born because it was a blackout. And god, we eased our way down the hill—top of Maunalani Heights—and we got down to the bottom. And we were very fortunate in that as we were about to turn out onto Kaimuki Avenue and head down toward the (Kapi`olani) Maternity Hospital right across the street over here, a policeman came along. And he waved us over and he says, “Where are you going?”

I said, “I'm trying to get my wife to the hospital.” I says, “She's got beginning labor pains.” And he was nice as hell, I mean just wonderful.

He said, “Park your car here in this service station.” He says, “I'll take you down.”

So I said, “Well, how am I going to get back?” (I had to get back to the two young ones at home.)

“Oh, we'll worry about that later.”

So we got Janet down to the hospital, and got her entered into the hospital, and everything was all right. So I said goodbye to her, goodnight. And she wasn't at that critical period when you knew the baby was going to be born that night or anything. But this was her first---well no, it wasn't. It was her third experience. As it turned out, it was a false alarm and we had to do the whole thing over again two weeks later.

(Laughter)

FL: But the police were very, very helpful. (I think they got me back to my car in Kaimuki.) Now, to get back to the question you asked about my joining it. My father came to me—I may have gone to him and said, “How about me joining that?”

And he turned to me and he said, “Fred, I wish that you wouldn't do it.” He said, “All the others want to go. I don't want to turn them all down. If you go there isn't anybody of officer or junior officer status that I have left that I can count on if something should go wrong.” So he said, “I would prefer that you not do it and then you're available. I'm sure I can count on you if—in being available—if something should happen and we need to have somebody down at the office or something like that.” So I didn't ever have that fun of being in it. I've always regretted it. They all got---they all had uniforms, they all carried guns, you know. Everybody that was in it thought he was a big shot (and constantly talked about interesting experiences they all had).

(Laughter)

WN: What did they have to do? What were their duties?

FL: Well, they rode sort of shotgun. (Laughs) That's not a very good word, but they rode as a second to a police officer. They never were alone, but they were there to assist the police officer. It made the police not have to send two police officers out. They could send a police officer and then one of these businessman policemen, so-called. And they were given training and so forth and so on to do it and were able to assist. And a lot of them did a lot of good. You know, if a policeman had a guy that was a little bit rough, why, having a second guy there was very helpful. And . . .

WN: Did they get paid at all?

FL: No. No, I don't think so.

WN: Were there any advantages, besides being able to carry a gun? I mean, did you get a higher gas ration or anything like that?

FL: I suspect they did. I'm sure they did because they couldn't have operated otherwise. So they---I'm just talking off the top of my head now but it must have been that way.

WN: And did Mr. Paris join?

FL: Yes. And all guys my age joined. And (it) was (the) conversation (of the day). They'd come in the following morning and the trouble was how did you get people to start to go to work because they were all talking about their experiences of the night before.

(Laughter)

FL: Where they'd been, and what they'd done, and that sort of thing. But it was in a way a good diversion from the pressure and stress of the war.

WN: So you were---you didn't serve in the military and you didn't serve in this. Did you feel at all any kind of disappointment that you weren't . . .

FL: Yeah, and I felt—I sort of felt guilty about it, as if I should be doing something else. And that's one reason why I did get into a lot of things that could be done during daylight hours. For instance, I think I gave you a copy of that—remember I won that award in 1942 or '43? And its---they're all listed in there.

WN: Right.

FL: But I've forgotten all the things—I can get into that if you want to.

WN: Okay.

FL: I think I've got a listing. I think I have a copy of it here.

(Pause)

WN: You mean the article?

FL: Yeah. Because I just don't remember.

WN: Okay.

FL: This was entitled---I don't know which paper it was in. I guess it was in both. But it was headed, "Frederick P. Lowery Honored by Junior Chamber of Commerce for Outstanding Service During 1944." So this would have been as the war was tapering off and so on. And it starts out, "Frederick P. Lowery, 33, assistant treasurer and secretary of Lewers & Cooke" and so on. I had been in the Junior Chamber of Commerce and I think I was treasurer of the YMCA [Young Men's Christian Association] and so on.

WN: And you—it says here that you were ill at home with a cold so you weren't able to attend the dinner. (Laughs)

FL: That's right. I had the flu. They said "cold." I had the flu. I had a bad case of flu and so I never got to the meeting, which was very unfortunate. But I always felt fairly good about this award [*distinguished service award of the Honolulu Junior Chamber of Commerce*] because the committee that gave it was Hosmer Rolph, who was a vice president of Castle & Cooke; and Harry Field was the chief engineer and an officer of the Hawaiian Electric Company; Peter McLean was a vice president of Hawaiian Trust; Gregg M. Sinclair was president of the University of Hawai'i; and Shigeo Soga was head of *The Hawai'i Times*, the newspaper. So I felt that this was really quite an honor because of the type of guy that made it. In other words, that committee picked me out of other guys to do it. (I must have been doing quite a few community service type of things from early in the war and perhaps before.)

WN: So you're---let's see. The name of the award is "The Distinguished Service Award of the Honolulu Junior Chamber of Commerce."

FL: Yeah. Now they gave that out for a period of about ten years and then they decided to change their policy and they gave out several awards each year. And that went on for several years. And then recently, I haven't—I don't know whether they still do this or not. You know, at age eighty why I'm not material for the Junior Chamber of Commerce.

(Laughter)

FL: And so I really don't know what goes on in there anymore. But at that time I

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was, according to this, let me see. It says, “. . . was chosen because of his community services in the following fields. . . .” Oh, I was on the city planning commission at the time. I was on a special committee that had been appointed to look into the wharf situation as to where the new wharf should be built. And I was treasurer of the YMCA. Oh, another thing I did was—I felt I was never—I never liked to go to church. I was forced to go to church from the time I was about four or five years old. And so I really hated church. And when I got to Andover they had church twice on Sunday. They had church every day. In other words you went to chapel before you went to school. And then twice on Sunday you had to go. Well that sort of cured me of ever wanting to go to church. And I married a girl whose family was not particularly church-oriented and so on and didn't go to church very much. So that gave me an additional excuse. So we never---while we were members of Central Union [Church] and made a (financial) contribution every year to Central Union, which I always have and still do, we weren't very good members. So I felt though that I should do something in the line of church work. And so I was asked to be a member of the Hawaiian Evangelical Association, (serving with several very prominent older men), which was the senior organization that held all of the properties for the congregational churches. And they literally held hundreds of pieces of properties all over these islands. Wherever there was a little Hawaiian church in the early day, that property belonged to the—was given to the church and was owned by the Hawaiian Evangelical Association. And I remember one of the things, perhaps, contributions that I helped to make to that organization was I asked one day, I said, “Do we have title papers to all of these and have they been (cleared through the state land court)?” And we found out on investigation that no, we (had not cleared a lot of them). So one of the projects that I suggested that they do was to bring up to date a study of all of the properties that the Hawaiian Evangelical had, because they were worth—they literally could be worth thousands and thousands of dollars. And they had a lot of clauses in them; they could only be used for church property and so forth and so on. But over a period of time, why, some of those things by court could be changed.

And it says that I was a member of the maritime affairs committee of the Chamber of Commerce. There was a lot of discussion as to where the next major wharf should be built. Because most of the wharves were built down at the `Ewa end of town and were almost all owned by the Dillingham Corporation. They later—the state [*territory*] and the Dillingham Corporation got together—and the state [*territory*] bought all of that from the Dillinghams. And a lot of the funds that came to build the [*Ala Moana*] Shopping Center probably came from the state's purchase of the Dillingham wharf properties, and so on. And my feeling was that this was the area [*East Honolulu*] that was the (first area) of growth at that time, and for the next say ten or fifteen to twenty years was going to be toward Koko Head. And so I felt that if we built any more wharves we should build them around the Pier 2 area (near the Honolulu Harbor entrance). And it was as a result of that

thinking that the planning commission decided to recommend that—the Harbor Board recommended that. And that big---those great big facilities—huge facilities—at Pier 2 were built to—where ships could supply the *Waikiki* - Diamond Head side of town—as distinct from the other side of town where there was ample wharf facilities. There were no covered wharf facilities at Pier 2 in the early days. It was all just open concrete. And they'd bring lumber in there but they didn't bring anything that could get damaged by the rain and so on.

WN: So were wharf facilities actually built?

FL: Yeah. Yeah. The same facilities that are there today.

WN: Is that like Kewalo Basin area or . . .

FL: Well it's at—the entrance to the harbor is called Pier 2.

WN: I see.

FL: All that whole great big pier area in there is Pier 2. All of the—until you get to where the Coast Guard is. Coast Guard I think is Pier 3. So all the docks at the mouth of the harbor was all called Pier 2. And all of the buildings that were built on that were built at that time.

So that's a brief summary of this. In other words these were some of the things I did in the community because I felt maybe I wasn't doing my fair share. I wasn't at war where some of my friends were, I wasn't doing these police duties and been asked not to. So I felt, you know, I'd get out and do some other things in the community. And these were apparently a few that they took into consideration. (I was often the youngest member which gave me wonderful experience with experienced people.)

WN: You were telling me a story about you getting—you spending a night in jail.

FL: Oh yeah. (Laughs)

WN: Can you tell me about that?

FL: Oh yeah, yeah, yeah, yeah (laughs). I didn't spend the full night in jail. It was a Friday at lunchtime. My father had insisted that a senior officer of the company—and I was corporate secretary, which automatically made me a senior officer—had to be on duty at times, from early in the morning until we closed. And so one Friday noon, while I was in the office there, the others had all gone to lunch. And I had to go to lunch either before or afterward because I had to stay on duty there. And in walked these two huge military policemen. God, you know, they looked about six feet six [inches] high, and they were carrying sidearms, and all in uniform and so on. And they asked for the

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manager. Well, in a sense I was the manager on duty. I was the senior one on duty. And they said, "You're under arrest."

And I said, "What for?"

I'm not sure whether they told me or not. But anyway they said, "Come on with us. You're going down to the police station." And of course, the military were running the police station at that time. So I had to walk through town with these two military police. (Laughs) One on each side of me. And I don't know what my friends thought.

(Laughter)

FL: And so I got down there and they would hardly let me tell what had happened, or could I find out from them what it was (all about). But apparently it had to do with they claiming that we had broken a rule of the military governor. That we had sold some Black Leaf 40, which was a—oh, what would you call it? It was a . . .

WN: An insecticide or pesticide?

FL: Yeah. It was an insecticide for flowers and that sort of thing. And it was poisonous. I don't know what it had in it. Anyway. And you'd sell it by the quart or less. And under the rules we were entitled to sell it. We had a small garden department. And under the rules we were allowed to sell it, providing we had authority. And providing that we sold it to somebody who had gotten permission to buy it. And this elderly Japanese man who grew flowers, I think, up on the top of Maunalani Heights. Up in that whole area was all carnations in those days. There weren't very many houses up in the upper part. So he'd gotten permission to buy this. We sold it legitimately. But somebody (outside) got up in arms about it and thought we'd broken the rules and so forth and so on. And so I tried to explain the whole thing to the guy at the desk—booking desk—and I got nowhere with him. He didn't know what it was all about. But you know, these were young junior officers or enlisted men and so on. They didn't want to make a mistake so they took me downstairs and put me in the Bastille that was down in the basement, or whatever they—their cells down in the basement. It's in the old police station down at Merchant and Nu`uanu. And they wouldn't let me make any telephone calls. I thought, you know, I (needed to) get back to Lewers & Cooke and get somebody to come down, or get an attorney to come down and bail me out. I didn't have any money on me, and I don't know whether they would even let me put up bail at that point. And so they put me downstairs. It was dark in there—no lights. And I saw this—when my eyes got used to the dark—I saw this man huddled in the—lying on the floor. And I tried to talk to him, but he didn't talk very good English. But I got the impression that he might have been the guy we had sold the stuff to. And so I waited and waited and waited, and thought, "My god, am I going to get out of here, or am I going to

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stay overnight here, too.

WN: Right.

FL: Finally, I raised quite a bit of hell so finally somebody upstairs decided that, I guess, maybe they weren't carrying out their duties properly and they let me—or they made a phone call. Or maybe, maybe it didn't happen that way at all. Maybe somebody at Lewers & Cooke found that I had been taken out and the other guys noticed that these guys had taken me out, so they thought I was in the police station. So somebody else, late in the afternoon at Lewers & Cooke—I hadn't come back—went down to the police station and somehow found enough money to put up enough bail. And they got me out late in the afternoon. Then a couple weeks later, I was taken to military court and Roy Vitousek—that's the father of the present Roy that's here now—and grandfather of the youngest one that's here. He represented---he was our corporation attorney—Lewers & Cooke's attorney—and he represented me. And we had quite a battle explaining the whole thing to the military judge and so on, but they finally let me off. And then I think we helped get the Japanese man off too. And so that we cleared the whole record. But we hadn't done anything wrong. But this was typical of the type of thing that happened during the early months of the war. In other words, everything was fubar. You know, snafu or fubar, whichever word you want to use. Fouled up beyond all recognition, you know.

WN: Would you call it a kangaroo court?

FL: It was a kangaroo court, of the way we think of it. There was no jury or anything like that. You had a single (military) judge (who was often untrained) and he just made automatic decisions. And you know, you could be madder than hell at him, and yet looking at the other side of it, (the community) had to have some law and order because some guys were always trying to break rules. So you had to look at the two sides of the thing and say, "Well Jesus, he's a bastard but at least he's trying to do a job." And while you were mad as hell at him, and I was mad as hell, and Roy Vitousek was mad as hell at him and the way he handled the whole thing, in looking at it in retrospect, there had to be something like this during that (early) period of time or law and order would have just been out the window. The local courts couldn't have handled it. They wouldn't have known how to handle the thing. The normal laws wouldn't have handled the situation. So like it or not—and I didn't like it particularly, none of us did—I think it was something we had to put up with. And we had to put up with it for a couple of years. Now maybe they kept it on longer than necessary [*martial law in Hawai'i lasted until October 24, 1944*] but as time went on they got people that were better in the job and understood things better. And there weren't the same types of problems later on.

WN: Did they get more polished as the war years went on?

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FL: Yeah, yeah, yeah. Definitely, definitely.

WN: And when did this occur?

FL: Well, I would say it must have been within a matter of two or three weeks after the war (started). See, what they thought was this guy had this poison and he might put it in the water supply and then a lot of people would get sick. That was their line of reasoning. And so it was, you know, one of those interesting experiences. (Laughs)

WN: So that's---so what happened to you was sort of like the negative aspects of martial law. Or, you know, you're saying that martial law was something that was necessary but there were some glitches to it.

FL: Oh yeah. Definitely, definitely, definitely. A lot of glitches (chuckles). And people were really upset about it. They [*the military government*] didn't seem to know how to use reason. And they didn't have any understanding of what normal peacetime law was.

WN: Would you say that martial law helped Lewers & Cooke in the business or hindered it?

FL: That is very hard to say because it would involve a judgement on how bad things would have been had there not been military law. You know, we like to think that everybody is a law-abiding citizen but, you know, there aren't. We know it from just reading the daily papers. And even today there are hundreds and hundreds of cases of people that are doing things that aren't according to law. Well, when you have a situation where everybody is under the stress that we were during the war, this sort of thing multiplies. And I think that things would have gotten completely out of control if we hadn't had the—literally having the military court up there put a sense of fear into everybody. “Look, maybe you better be a little bit more cautious on what you do, and don't do some damn fool thing.” And so I think it had its place.

WN: Did it create more paperwork than normal?

FL: No. Not that part of it because—but the thing that created the paperwork was all the literally scores of other types of (regulations) that we had to follow. For instance, we had to get a permit for every single (transaction). We had to get a permit to order from the Mainland, and that had to be signed by some organization. Because the buyer that we bought from couldn't sell it to us until he had a military order approving the sale to come to Hawai'i. Then we had to get shipping papers approved to bring it from wherever it was on the East Coast, or the Midwest, or wherever it was to the coast, to a docking facility. And then we had to get a permit from a shipping authority (from San Francisco, mostly) to bring the stuff to Honolulu or it couldn't come down

here. So it was just one thing after another that you had to get approval on. So the paperwork, yes. The paperwork increased, I don't know, I'd say maybe it went up ten times. Not only to accomplish getting the merchandise down here but then also handling the paperwork in such a way that you could get paid for it. Because if you didn't have the proper invoices—I mean the proper purchase orders—signed by proper people, they wouldn't even consider your bill to them. So we had literally hundreds and hundreds of thousands of dollars tied up for a couple of years in accounts receivable because they couldn't handle the (load).

WN: So it took a long time to get paid?

FL: Oh yeah. It took us long time. I'd say some bills we didn't get paid for over two years.

WN: So after the war was over too, you were still trying to . . .

FL: Well, as the war tapered down it got better. So that I would say when the war was all over we still probably had some but my memory just doesn't help me there. But I don't think we lost a hell of a lot on bad accounts, because we were very careful. Had we not been careful, had we not set up this whole system, we could have lost literally hundreds of thousands of dollars, and we never could have proved that we supplied them with the merchandise and they wouldn't have paid us for it.

WN: Did other businesses go under because they weren't careful?

FL: I don't know. It's perfectly possible. A lot of businesses went under during that period of time. And I just have no clear recollection as to how many did. But you had to set up all of this bureaucracy to handle it. We set up—as I think I mentioned—we had a buyer in Seattle and we designated him as our agent up there to handle all of our stuff. All of our lumber and all of our plywood and all the products from the Pacific Northwest. And then we hired a man in San Francisco by the name of Mowat M. Mitchell, who was a graduate of Stanford and had been in the foreign service, and had worked for W. P. Fuller & Company. But god, we couldn't have (survived) without him. And he got a---he hired a secretary, and then he would hires such additional other help as he would need. He had to keep in touch with all of the shipping organization there. He had to keep in touch with the warehousing on the West Coast. He had to keep in touch by phone—we couldn't phone from here (too much) because of the—partly the cost but also the—oh, what do you call the, you know, the restrictions of writing letters. All our letters went through that, what did they call it?

WN: Censors.

FL: Censors. So we couldn't make telephone calls in a lot of cases because of the

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possibility of not (giving information to Japan). So we would have to do it through our office in San Francisco (by mail). And this guy was just wonderful. He caught on right away. He got a very good secretary and she was with us during the whole time that he was. And the two of them, plus what other help they needed, then just took care of (our suppliers)—they could telephone to San Francisco, you see, and make whatever arrangements they wanted. If they didn't have the proper authorization, why, we then could get the authorization to them and then handle the shipping instructions, and the shipping approvals, and so on, that were needed.

WN: Okay. So, you know, there were some difficulty in getting materials from the Mainland to sell
in your store (and lumberyard).

FL: Oh. Terrific. We couldn't get anything. We couldn't get anything without approval. Not an order could come through without approval, as I recall it.

WN: Okay. And then, you know, you had trouble getting paid by the government . . .

FL: Right. (They just did not have the staff to put our invoices through even though the invoices were in order.)

WN: . . . for all of these things. Was Lewers & Cooke turning a profit during the war?

FL: This was a very serious situation. We had a situation where if we got merchandise in it could be immediately sold because somebody—some government had ordered it. So there was an immediate sale for it. So it wasn't like the 1949 [*longshore*] strike situation where you couldn't get material, but when you got it you couldn't sell it because things were so bad that (people couldn't) buy it. So we had a ready market for anything that came in. Just to give you an idea, our (net) profits in 1941 were (\$422,000). In 1942 our profits went (down even though) we sold out practically our whole inventory (and most of what was allowed to come in). And then we were able to get materials and as soon as that came in, it went out. But then the profits started to drop. So they went from (\$422,000) in ('41) to (\$289,000) in ('42). (In 1943) they dropped to (\$127,000). In 1945 it dropped to (\$121,000). The controls at that time and our inability to get price increases, even though the price to us was increased, but we couldn't increase our prices. So our margin of profits dropped to a (very low) point. And then the following year, 1946, they went up a little bit, but they were still only (\$170,000). In 1947 they went up to a little over (\$256,000). Remember they (later) came back and renegotiated the profits for 1942 and we had to give quite a bit of our profit back that year, as I recall. In 1941 we paid almost \$400,000 in taxes. By 1945 we paid only \$111,000 in taxes because we hadn't made (much) profit, which shows you the terrific additional cost

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that we had to put on. This involved the San Francisco office extra work, the extra work in Seattle, all of the extra people we had to put on in Honolulu doing paperwork.

WN: Plus overtime.

FL: Plus overtime. A lot of overtime. Because we kept on people all night long and we felt we should pay time-and-a-half for over forty hours. And we may have even paid time-and-a-half for anybody who worked at night, if they didn't work during the day. I don't recall that—I mean the facts on that. So . . .

WN: And does that---do those figures take into account like delinquent accounts?

FL: Well, I've got the net merchandise sales. And the net merchandise sales in '41 were \$7,582,000. In 1942 they dropped to \$6 million. In 1943 they dropped to \$5 million. Then they started to go up in 1944 to \$5.9 [*million*]. In 1945 it was \$5,800,000, and by 1946 we began to come out of the thing and we got up to \$7.8 [*million*]. And then by 1947 we got up to \$12.9 million--almost \$13 million. But then the (real) war (the longshore strike) hit us in 1949 and the sales dropped from approximately [*\$13 million down to \$8.6 million*]. (These figures of course included the inflation in prices that was taking place at that time, so the amount of merchandise was less by the amount of inflation of prices by manufacturers.)

WN: Forty-nine. Are you talking about the strike, you mean?

FL: The strike. (The long one originating in San Francisco and the West Coast.)

WN: Okay.

FL: The strike---we went from (about) \$13 million sales in 1947 (and 1948) to less than \$9 million sales in 1949.

WN: Okay. So with the war then there was the difficulty in getting materials, there was the wages going up, the labor that you had to pay, the fixing of the prices, not being able to raise prices, you had delinquent accounts and so forth. So even though you had a pretty good demand on your inventory, you weren't making any money.

FL: That's right. That's right. Profits fell way the heck off. (A normal legitimate profit was needed to keep the business healthy and able to grow and pay higher wages and attract capital.)

WN: If you were to make some profits would you have been able to keep profits? Were there profit controls?

FL: Well (yes, in the war years). You can see what happened (to profits with price controls. Profits fell from \$422,000 in 1941 to \$289,000 in 1942.) And they had renegotiated that and said we had made too much money that year. So we were set back (plenty). We were set back pretty badly from a profit point of view during the war years. But nothing compared to the way we were just creamed during the shipping strike.

WN: Okay. We can get into the shipping strike later.

FL: Yeah.

WN: Okay. So you're saying then that a business like yours which is a—I guess you would consider it a big business.

FL: Well, I wouldn't call it a big business. I would say we (may have been) the biggest—probably the biggest—in our field (but was American Factors, Theo H. Davies, City Mill, and others). But we were not considered part of the Big Five and we were not considered (at any time to be in that league). I would say we were the second tier. Second tier company in Honolulu.

WN: Okay. And, you know, as far as profits are concerned wasn't too good. And then you have some small businesses who really made out during the war.

FL: Well, yeah. Some people really did---some people (laughs) did really quite well because they were able to take advantage of the thing a little bit more. My father and my grandfather were very strict people. And my father put out a rule—and I don't have a copy of it but I remember it very clearly—that we were not to take advantage of the government. We were in this to win the war. And that while we should get whatever was due us and all, and do everything we could to help them, we were not to overcharge in any way. And so that got around and anybody knew that if they overcharged, why, you know, they were going to be subject to a reprimand and so on. So we kept our records pretty clean that way and everybody had to follow the rules. Now we did immediately start to apply for approval to get higher prices, because wages went up, hours went up, work went up that the government was requiring us, and the cost of materials coming to us—when it did come—went up. So we had to find some way to cover those. But they did it gradually through---they had a regular—what was it? WPA, War Profit . . .

WN: Works Progress Administration?

FL: Well, it's something to do with prices. I think there was a price (control) administration and every price increase had to go through them.

WN: OPA, I think. Office of Price Administration.

FL: That's probably the one. That's probably the one.

WN: Um hmm, um hmm.

FL: Now, have I answered your question?

WN: Just about. Well, why don't we just get into . . .

FL: Oh, you asked about some of the other people making a lot of profits. I gave you the example . . .

WN: Right. You gave some examples.

FL: Do you want that example?

WN: The roofing?

FL: Yeah.

WN: Yeah, I think you gave me that. We have that on tape already so that's fine.

FL: Okay, check.

WN: Okay. So the war is just about ending, 1945. What were some of the . . .

FL: I would say from the financial point of view, certainly we were getting back to better profits by 1948 (but only \$268,000 versus \$422,000 in 1941). And sales were good and profits were somewhat better. But we still were way, way below profits before the war, even at that point. For instance, in 1948—and there hadn't been any major strikes that year—our sales were at the highest rate of sales we had ever had. But our profits—net earnings per share were only \$1.39, whereas in 1940 they had been \$1.69. And in 1941 they were \$2.40. So seeing that we only had the war for three weeks in 1941, (our profit was) \$2.40 a share. And that then dropped all during the war. Some years—well, here it is, 1943 we made seventy-two cents, seventy-nine cents in '44, '45 fifty-five cents, 1946 we only made eighty-two cents, and then they began to creep up. But in 1948 we only made \$1.39 as against \$2.40 in 1941. But we had (begun to) recover. We had recovered in other ways that we had our—you know, our objectives were to try and consolidate things at Pi`ikoi Street, get out of some of our other properties—leased properties—and start to move down there. We had been able to make some progress by 1948 on moving some of those things down and consolidating some of those things there. So that we had made progress toward getting ready for the post-war period. But never did we expect to run into the 1949 shipping strike and this was just a disaster for us, which we'll come to.

WN: As the war ended did you notice any definite change from before the war and after the war ended in terms of, for example, being able to raise prices and

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things like that? Wages . . .

FL: Well at that time we were, I guess, free to—we must have been free to do it. And what we tried to do was to meet, you know, what the going (competitive) rate was. We always felt that we wanted to be as high as anybody else (on wages), but we didn't want to be—we didn't feel that, you know, it was (good business judgement) to be way above everybody else. So we tried to meet the going wages at that time, and we did. So that there were significant wage (increases). Everybody got significant wages during that period of time, (even though our profits were still way down).

WN: Did you notice anything dramatic in terms of being able to get goods in or anything like that? Was it a grad---what I'm asking is was it a gradual thing . . .

FL: Yes. Yeah. It was gradual. But you can see from those figures I've got. For instance, in '44, our sales were only \$5.9 million, or just about \$6 million. That's in '44. By 1948 we were able to get almost \$13 million in sales. Part of that was increase in units, but part of that was increase in prices (i.e., inflation) because prices went up during the war very substantially. So that you can't say that we got double the amount of merchandise in 1948, even though sales went up to between \$12 [*million*] and \$13 million, and had only been around \$5 million in 1943. Because a very significant part of that was the increase of prices. Inflation had started. War inflation and, you know, it was just continuing to go up (and postwar inflation continued. But profits did not increase because our costs were much higher.)

WN: What about labor? Were you able to get labor a lot easier [*after the war ended*] because people were coming home?

FL: Yes, we were. In the 1948 annual report it indicates that during the year the total number of regular employees (not including extras) had decreased from 605 to 571. But 571 was a lot higher than where we were at the beginning of the war where we had only around 400. So we had gone way down. During the war period I think we got to as low as 200 (regular) employees maybe. And then we were somehow able to gradually—now some of the guys, of course, who'd come back from the war. And we took them all back. And we were able to hire a lot of the guys also coming back from the war who stayed in Honolulu. They liked Honolulu and they stayed here and we were able to hire them. (And the military was letting people go.) And then we were looking for younger guys getting out of school to start. So the labor problem, as far as getting people, was easier. The major problem that we faced was that unionism had begun to start, and unfortunately the union leaders were—most of them had philosophically very different ideas from the prewar ideas and so on that we'd had in Hawai'i. And, you know, Harry Bridges was supposed to have had a communist (philosophy). And I don't know what [*Arthur*] Rutledge was but he certainly was pretty hard to deal with. But they

didn't have the same—the labor leaders at that time didn't seem to have the feeling of responsibility. They felt that they had the right to demand more and more and more in wages, but they didn't seem to have the feeling of responsibility to the community to produce and justify the higher costs. And so that's of course what brought on the 1949 strike and why it was such a disaster for the community was that you had a—really a philosophical battle going on. It was a new war, but a different type of war. The reason why the war period went ahead was we had an outside adversary. We were fighting Japan. They were not Hawai`i, they were not American. We were fighting a foreign enemy. But the 1949 strike, it was psychologically a very different situation. You had an internal fight of one group of people fighting another for higher wages. And so you had an internal war going on, and it split the community. Just completely split the community wide apart.

WN: Now the 1949 strike involved the dock workers mainly. But it didn't involve any Lewers & Cooke employees per se, right?

FL: Well it did in this respect, that we couldn't get—beginning in—let's see. The strike started and we thought it was going to come in April but it started in May. And it lasted until November. [*The strike ended October 23, 1949.*] So we did not get one single bit of merchandise in from April to November. In other words, it was an eight-month period when we didn't get (supplies). Now, in the war there was only a four-month lag before we started to get some merchandise in. But when the 1949 strike hit it was eight months that we didn't get anything. And the other thing that was different was in the war you had an immediate sale for everything you brought in. Whereas in 1949, with the strike, with the community split, and with (companies) having to cut wages and letting people go, the demand for merchandise fell and if you did have merchandise you couldn't necessarily sell it because there wasn't anybody who was capable of buying it. (The banks were hurt and probably reluctant to loan, not knowing what the outcome would be.)

And now, you asked about unionism and Lewers & Cooke—how we fitted into that. We took the position at the beginning of the strike that we hoped that we would be able to ride it through and keep everybody employed. Well, I'm not sure exactly what month we did it but we had to call—I remember I had to do it. The job was assigned to me, I was personnel manager. I had to call all of our warehouse (and lumberyard guys), and drivers together for several meetings. And I had to just tell them and lay out for them what the situation was, and say, "We're losing money so fast here that we're just going to have to cut either wages or, seeing we don't have hours for you to work, we decided to take and look at it the other way and cut the hours." So we'd been on a forty-hour week and we cut to thirty-six hours. And then within another month things were getting worse so we cut to thirty-two hours. So everybody took—this went from top to bottom—everybody took what amounted to a 20 percent cut in wages. And yet there really wasn't work for thirty-two hours a week for everybody then because we weren't doing—and we took a horrible

licking. Looking at it from a cash-flow point of view and a profit point of view, our sales in 1949 dropped from almost \$13 million to about \$8.5 million. We lost money. We went from a net profit after taxes, in 1948, of \$268,000 to a net loss of \$118,000. So, you know, this was a not quite \$400,000 difference.

WN: So absolutely nothing was coming in.

FL: Absolutely nothing came in except we did do this—again we tried to do everything we possibly could to further getting ready for after the strike, in getting ready to move to Pi`ikoi Street. But the other things we did to try and bring merchandise in, seeing only (the West Coast) to Hawai`i was closed up. And we felt that we might be able to get some merchandise if we got it down to the Gulf [*of Mexico*] ports. And those ships might run because they were a different union, as I remember it. So we had stuff reshipped from the West Coast to the Gulf [*of Mexico*] and then come down, so we did get a little bit of merchandise in. And we had some Eastern stuff shipped through the [*Panama*] Canal and down here. So we were able to get a small amount in, but the additional costs were such that—I don't—looking back on it now in hindsight—you know, it was a good (try) and an attempt to survive and all, but whether it made a profit or not on that particular item of merchandise or that group of merchandise is questionable. (But our survival was in question again.)

WN: Now by that time your employees were organized under AFL-CIO [*American Federation of Labor and Congress of Industrial Organizations*].

FL: No.

WN: Not yet?

FL: No. Not yet.

WN: I see.

FL: Not yet. We did not begin to get organized until 1950.

WN: I see.

FL: They had in 1948, I think it was, we had the unions come to us and say that they had a majority of the guys wanted to join the union. And we then asked for proof of this and so on. And while we were discussing the proof of this we got—unsolicited completely, from what we knew—we got a letter from our own guys in which, I think, 86 percent of all those who said they wanted to join the union now said no, they did not want to join the union. And so we then simply said to the union, “Well, it seems clear to us that the guys don't want to join the union. We don't see any point in negotiating any further.” And we withdrew and the union apparently knew at that point that they

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didn't have the guys on their side and so they didn't press us. On the other hand, in 1950, after the 1949 strike when we had had to cut wages 20 percent, then—and you had this wide split in the community, you see. The community was really divided over this whole thing. And the guys in the company were (confused) because the union guys made out that we weren't paying fair wages and so on and so forth. And yet we were doing the best we could (to stay alive), and you can see we lost over \$100,000 that year. Which was drastic, devastating for us because we had planned our whole development at Pi`ikoi Street to come to a head after the war. We got a lot of it done in '47, '48. We hoped to finish it all in '49. And then we couldn't get the materials to do it, and further we lost \$100,000 of cash. So this means we had to go out into the (capital) market later and get another \$100,000 of cash to complete the project. So it was a devastating thing to us. Much, much worse than the war. Much worse. And the worst thing about it was during the war, you know, if you go to a guy and he had a problem, why, you could say to him, "Look, we're trying to win the war. And sure you've got problems, we all have problems, all your friends have problems, but we're trying to fight Japan. We're trying to win the war against Japan." But when it came to 1949 you didn't have that argument. Or you had an argument that he wouldn't accept. Because he said, "But the union guys say that you're not being fair to us." So a lot of them went over to the union. And, you know, in retrospect now, looking back, seeing a lot of this was—from a philosophical point of view—was dominated by people who were of a (foreign socialistic) communist philosophy. And we now know after the breakdown of the Berlin Wall and the breakup of Russia, that the whole communist (production) philosophy is for the birds, (it was non-productive). It produced a good war machine (at high expense) but it didn't produce any (regular supply of food and housing) and here these guys now are starving in Russia. (Their system didn't produce.) But, you see, they used that. They used that on the guys—on all of our guys, and all the other people in town, and on particularly the sugar workers and the dock workers—as if the community and the bosses in the community were not being fair. But, you know, if a person now went back and wrote a book about it you'd have the (proof) that communism has failed. But at that time (some thought) communism was a coming thing that was going to be the, you know, it was the Holy Grail from these guys' point of view. And you couldn't convince them—most of them. So we lost our good relationship that we had had for years with our employees and we had a union headed by Rutledge, who wasn't the easiest guy to deal with. (He could not seem to understand the ups and downs of business, the need for a longer-range point of view to survive. And in the end all these union people lost out when Champion Paper liquidated.)

WN: So the cutting wages brought on by the shipping strike was a big factor in probably getting unionized.

FL: I would agree. I would agree. I would agree. And yet, if we hadn't cut wages at that time that loss of \$100,000 could have gone up to \$200[,000] or more

(and Lewers & Cooke's future and the guys' jobs might have been lost then rather than in 1978 when Champion Paper liquidated).

WN: Was anybody laid off at that time?

FL: We laid nobody off, as I recall. And we might have had—I was going to say we might have had a few guys quit but I don't recall it and I don't have any record of it. We tried to do what we felt was right, and in looking back now, we did the right thing. But you had no argument (that made sense to them). You had no argument that you could use, where—you didn't have a foreign enemy that you could use and say, "Look, let's win a war."

WN: Yeah. It was like civil war.

FL: That's right! You hit it right on the nose. This was a civil war in the community here. You're exactly right. And this is the way business went on for (a time). And it's only been in the last ten years or so that there's been a leveling off of the union activity in Hawai'i. And again, it's probably because some of the fact that Russia wasn't all—wasn't as good as it was cracked up to be and that may be our system of things, while not perfect, is the best that's been found so far.

WN: So '49 was---the longshore strike lasted for six months . . .

FL: Eight months, (I believe). [*The 1949 longshore strike lasted from May 1 to October 23, 1949, a total of 177 days.*]

WN: And then following that, 1950 was when the Teamsters would organize your employees.

FL: Right.

WN: And that was the same year also that you were making the move—the complete move to Pi`ikoi Street.

FL: Right.

WN: It must have been a difficult year.

FL: Well, it was. It was. Those last three years had been difficult. But '49 and '50 were really, really rough. Because we were operating now with a beginnings of a union or, if the union hadn't completely started, why, the guys didn't have quite the same feeling toward us that they had before. And so they were tough times, and I always felt real bad about it because there was no way to convince a guy that joined the union and got imbued with the union and so on that we were really trying to help him, (in the long run) and that we were really trying to do the best we could. So we were under more

pressure. And it was hard to see guys who, you know, you'd been very friendly working with before—sure, they were in the lumberyard, they were in the warehouse, and so on. But you had a good relationship with them and that began to change. And I felt bad about it.

WN: Were all the employees—Lewers & Cooke employees—in the same union?

FL: Yes. We only had one union but it only involved our warehouse guys, lumberyard people, (and drivers and helpers). They never organized our office people.

WN: What about sales?

FL: And they never organized sales. So it was limited. And again, we were trying to do the best job we could in the way of pay for them. But you can see from our profit point of view that, you know, it was disastrous. Looking at this in another way, because of the strike following the war we did not get back to 1941 profits until 1958. That's seventeen years it took us to get back to making the same profit that we'd made in 1941. Now, there are other factors other than the unionism in this. The business was going through—Lewers & Cooke itself, or the whole building business—was going through major changes. We had for years---the housing business and the home building department that generated the largest part of our business. Housing was being built individually, single-story, and so on. Then the trend shifted toward building houses in tracts, but they were single-family houses in tracts. Then the next trend was toward building maybe two-story buildings, and so on. And then you got into multi-story buildings. This was the trend in building at that particular time. We were doing our best to meet these changes because they meant changes in the type of building materials we handled, it meant changes in organization, it meant changes in the way we handled sales—who we bought from. We had to think in terms of joint-venturing with tract developers. We even thought of buying land ourselves and developing it, and then building houses on it, and selling a house and the lot together. And the same thing with our joint ventures. So that our whole organization was going through a gradual change that took place over (the years). And this was all very, very important because of our piece of property down at Pi`ikoi Street. In other words, we could see the value of that property increasing, and as business grew up eventually that property would have multi-story buildings on it. And so we had to think in terms to maximize our resources and do the best job we could for our Lewers & Cooke people, and also for our stockholders. We had to think way ahead as to how we would develop the Pi`ikoi property to bring in the maximum revenue from that, and develop it to its highest value. And all you have to do is drive by that Pi`ikoi Street property today (1992) to give you an idea of it, and it's owned by the Nauru Trust and they have a forty-(four)-story building on (one part of) it. And they're now building a---they're in the process of tearing down the old warehouse building and it's partly torn down. I drove by there the other day

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and almost tears came to my eyes to see the building. I helped to design it with one of the Rothwell boys. But now it's being torn down. And that building was one of the most interesting jobs I had in my life—of designing a building to fit what we thought was going to be the future of Hawai'i and to maximize the savings that we could develop in getting merchandise from the supplier to the consumer. So that, again, our Pi'ikoi Street property we had to keep in mind. And again, to think that when we bought it, it was all coral. And it was below grade. And here it is today with a forty-(four)-story building on it (laughs). It's just being finished. And where the warehouse building was, they're tearing it down to build another (high-rise). So there's going to be a second major building on that property. And there will be several others that will be on the back (`Ewa side) property that was all lumberyards. But they're only considering the second one at the moment.

WN: So back in 1950 when you moved over to Pi'ikoi Street, whatever happened to your King Street location?

FL: Well, Lewers & Cooke had built that building between 1898-99 and it was finished, I believe, in 1901. And we stayed there until 1950 or '51 when we moved completely to Pi'ikoi Street. Around 1906 something happened in Hawai'i and I've forgotten now what it was, but business fell off very badly. I think it must have been sugar. Maybe sugar was a very bad year or something. Anyway, Lewers & Cooke's business fell off so that they felt that with the business that they could see ahead that it probably was not wise to own a building. That you---that the profit---that you could maximize the potential profit for the stockholders. So Lewers & Cooke as a corporation then—having been formed in (1900)—sold the property to the Wilcox Trust. And as they had money coming in from other interests they bought property and took a—probably a thirty- or forty-year lease and then had renewed it. So that we still had the building under lease in 1951 when we left. (The Wilcox Trust then leased it to someone else.)

WN: What about the other two properties, (the warehouse on) Kawaiaha`o Street and (the lumberyard on Queen Street)?

FL: (The lumberyard on Queen) Street was sold during the latter part of the war to a company who held it for a few years and then sold it. (We leased a parcel *makai* of Halekauwila Street from Bishop Estate. We gave that up.)

WN: This was a property that was sort of leased over to the government during the war, right?

FL: That's right. We leased it to the government to bring in income so that our income wouldn't fall so far during the war.

WN: And then there was one more property, right?

FL: We had the warehouse property at Kawaiaha`o and Cooke Street. And during the war we knew that we weren't going to need that at the end of the war. We got a good price on it and sold it to Von Hamm Young Company and took a lease back which was for the length of the war plus a couple of years or something like that. So we didn't---we got our money from Von Hamm Young Company. And then gave it back to Von Hamm Young Company. And they used it for many years.

WN: Where is this? Kawaiaha`o and . . .

FL: It was at Kawaiaha`o and Cooke Street and Kapi`olani Boulevard. The frontage was on Kapi`olani Boulevard and went down Cooke Street (past) Kawaiaha`o Street. So we gave up the leases or the fee-simple title to all of our properties during the latter part of the war. And then to concentrate on and have the capitol to move to [*Pi`ikoi*] Street. And then '49 comes just when we need the capital and we lose \$100,000 because of that strike and not being able to (finance) it. So it was almost devastating to Lewers & Cooke from a financial point of view, and it set us back very, very badly.

WN: Well, you said you didn't get back to your (1941) profit level until (1957). So it took you from 1941 . . .

FL: That's right.

WN: To ('57) to get back to the pre-war level.

FL: That's right. That's right. You're absolutely right.

WN: Okay. So you're over in Pi`ikoi Street and then in '53 your dad retired. And [*Lewers*] Paris was named president. Was that more of a required retirement or voluntary retirement?

FL: Well, Dad had reached retirement age and then he may have stayed on for a couple of years, I don't recall. And he wanted to get out at that point. And he felt that he carried the (business) through the [*Great Depression*], the war and (the strike years), and I think Dad began to develop some (signs of) heart problems. And he did eventually die of a heart attack, but I know he was in the hospital a couple of times with heart problems. So he got out, as you say in---what was the date?

WN: I have '53.

FL: He got out in '53. Let's see, I've got that right here. Lewers Paris' first year was 1953. And I would imagine that the changeover must have taken place at about the time of the annual meeting early in the year (or during the previous year). I don't have a record of the exact date and don't recall it, but

that was the normal way to do things. So Dad left. Dad's last annual report was (for the year) 1952 and Paris' first annual report was for the year '53. (I was named vice president and was given the responsibility for most everything except financial matters.) And [*Paris*] was (president) '53, '54, and '55, but Lewers was not a very healthy guy and as stated in the last paragraph of his annual report for the year '55 he says, in the next to the last paragraph, "My health has not been good for some time," and so on. So he has requested that he not be reappointed. And so, I gather it was at that time that I came in because I wrote the next annual report. So the changeover must have come about sometime—Paris' annual report is dated March '56, so I would imagine that I came in as president at about that time.

WN: Did you come on---was Lewers & Cooke getting pretty fairly healthy by that time?

FL: From a profit point of view, (they had begun to increase). In those three years that Lewers had we started to get better, but the net profit—well, it got substantially better from the worst years of the war. But we did make progress during those years but we really never got going until after that. If you look at it from the point of view of dividends paid, the directors didn't feel that things were good enough because they paid actually less dividends during a couple of those years than they paid during the war years. We paid only forty-one cents a share in '53; '54 was forty-one cents; and seventy-three cents in 1955. So apparently we made substantial improvement in that third year, which was 1955. (This compared to seventy-two cents in 1941. The stockholders finally got one cent more per share than in 1941.)

WN: Was being president of Lewers & Cooke at that time something you wanted to do?

FL: Well, it's what I didn't stay in the East for, when I went to business school. I had opportunities when I finished college in '34 to stay in the East, and the reason I came back was because my uncle, who was treasurer of American Factors, came back and got me aside. About the middle of that year or later in that year he was back there on business and he said, "Fred, business is so bad in Honolulu you may want to stay on here in the East. You've made a lot of friends back here," and so on. "You'll get job offers back here." But he said, "Your father needs you back in Honolulu." And he said, "He's had a lot of problems." And so I sort of felt a responsibility to come back and then when I got back here—as I think we talked earlier—I was kind of gung-ho, I guess, to get things done and get things moving. Because they had been in the [*Great*] Depression, and everybody was depressed. They hadn't thought of moving forward and so on. And I was coming in as a young guy and I was gung-ho to get things done and I probably stepped on a lot of toes. And I guess I wasn't very popular amongst the guys who were older than I was. And so I remember talking it over with my father one day and he said, "Fred, maybe you better get out of here for a couple of years." (Laughs) After

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wanting me back and so on. So I thought it over and I went to him and, I think we covered this, but I think I said, "Well, why don't I go back to business school? And will the company give me a leave of absence or the directors give me a leave of absence to go back to business school?" Now I---where were we on your question?

WN: We're back in '56 now and you're taking over as president, and I asked you if it was something you wanted and I guess . . .

FL: Well, then I went back to business school and I had the same situation at the end of business school. My marks at business school were so lousy they didn't give me a degree. (Laughs) Janet and I were going to be married that fall and I had talked it over with her as to where she wanted to live and so on, and I knew that I had these possible opportunities of jobs back in the East. And I said, "But I've also got the possibility of going back to Honolulu." And she said she wanted to move to Honolulu. And so that was what made up my mind to come back. So to answer your question directly, (yes) this was something I wanted. I'd have to say this is something I'd been working for (while I was at business school and) since I got out of business school.

WN: What were your goals like upon taking office in '56?

FL: Well, my goals were really to take this company to a point where it never had been before. Somehow I needed to energize the group to get together. And so I started right away to (continue what I had begun as vice president): to reorganize, move guys around, put people in positions where I thought they would do a better job. (Some of this I started as vice president under Lewers Paris.) We started to do a lot of training, both inside and outside. And we had the short-range objectives and we had the longer-range objectives which involved the (whole business and the) development of the Pi`ikoi Street property. I think I really tried to think of business in a different way and try and think of our job as not being done until we did a excellent job for our stockholders. Because they were the final people that were responsible (for our source of new capital). If we didn't make enough money to pay our stockholders a reasonable dividend, they weren't going to be willing to put money into us, reinvest money into us. The banks wouldn't lend us money. We weren't going to have the wherewithal to develop as a company, to grow in that area, and eventually to develop the Pi`ikoi Street property itself. And so I felt that we needed right off the bat, a statement of purpose. And I think, I'm not sure that I gave you a copy.

WN: Right, you did, you did.

FL: I did. Well, maybe the easiest way, rather than taking about it would be just slide that into the report. And say that was what I felt my purpose was. I entitled it "Our Purpose at Lewers & Cooke." And I felt the need for this statement in order to try and bring the group together. Now it's largely to

some extent, was done because of the union. Again, we had this psychological split within the company. We didn't have a common purpose. They were thinking of their union pay and so forth and so on. It was a piece written to try and show that there were four groups of people that were involved in any company. And I said, "Our job is to bring together a team of four—what I call people groups." There were 700 stockholders at that time. There were 400 Lewers & Cooke people, approximately. There were 500 suppliers we were dealing with. We had to have their *kokua*. And there were at least 20,000 builder-customers that we (sold to). And we had to organize (these groups) into a team that would bring about a vital balance between the interests of all of these groups. Every one of the groups had an interest in it. And the union guys were thinking only, to a great extent, only of themselves because Rutledge and the union leaders would keep drumming into them, you know, "More money, more money, more money." Well, we couldn't pay them more money till we made more (money if we were to survive and grow.) I felt my job was to get in there and somehow bring about a change, or help, you know, I didn't do this all myself. I mean, I was a coach, sort of. I felt my job was to coach a team to do a job. Another way to put it was I was an orchestra leader to lead a symphony orchestra who were my team that involved the stockholders, the suppliers, the Lewers & Cooke people, and the customers. They were the orchestra and somebody had to be the conductor of the orchestra and I think I sort of filled my job that way. And to achieve this we had to coordinate and balance the interests of each of these four groups of people. And then I brought into that statement the free enterprise system, how it worked. Profit was the measure as to how well we were doing, and that our job was to add value so it made it possible to sell our product at a profit large enough and sufficiently large to pay for the merchandise from our suppliers, to pay the merchandising expenses, to provide job opportunities for Lewers & Cooke people, and to pay the Lewers & Cooke stockholders a return on the value of their property sufficiently large to induce them to put additional funds into Lewers & Cooke. And I said, "Only then can we grow to contribute toward this major purpose of building a better Hawai'i through service to builders." And so what we did at that time was to—with the *kokua* of my top guys who all went along with me and they all wanted it. They knew the only way they could get ahead was to make more profits too. So we had to try and see what the trends were and so on, and how to adapt to those trends. The building business was going through major, major changes and we were aiming more toward getting into tract development, and we gradually set up a tract development group, which we—later actually became a separate corporation. So we had a merchandise corporation and a tract development corporation. And those were the two corporations that held all of our assets, with the exception of (the thirteen-plus acres of land on Pi'ikoi Street) which we kept up in the top corporation. And so it was the two corporations that we later traded to U.S. Plywood (for their stock). (This stock would be the source of funds to develop the Pi'ikoi Street property.)

WN: Okay. We're going to get into that merger with U.S. Plywood shortly. Then you are saying, then, that because of this balance of the four people groups that you stated, like unionism tilted the balance a little bit. Sort of made it . . .

FL: It made it very difficult because the community was all split during that whole period of time. A lot of the community had this communism (and socialism) philosophy that now has been disproved. But at that time, they all thought, you know, this might be the way things were going to go. Maybe the United States was going to go communistic. And this is the way some of the labor leaders tried to make out.

WN: I know that—I've been doing some reading—in 1959 there was a strike at Lewers & Cooke.

FL: Yes, we had two or three short strikes. I don't think any of them lasted for more than a couple of weeks. We simply couldn't arrive at a reasonable—what we felt was a reasonable way. And these guys would use tactics that to me—almost killed me. Let me give you an example. We were a member of the [Hawai`i] Employers' Council. We needed that sort of advice to help us and so on. And I remember one---the most memorable union meeting that I ever remember was one night we were discussing wages. We had a negotiating team. And we were at that time—the state had come in. What do they call that?

WN: Mediator.

FL: Mediator. I think his name was Shroat. Wasn't there a young guy, a fellow named Shroat. I think he's died since. Anyway, the mediator was in there. And the union, they had asked if they could bring, oh, as many as ninety guys or a hundred guys to the meeting. And we thought it was a little unusual but we said yes it would be perfectly all right, because we thought and I thought that in discussing these things with them we could get through to them and have them understand at least that there was more than one side to the problem. And that we couldn't pay out more than was coming in. And they had rights, but they had certain responsibilities for those rights. And all during that time was this really, sort of a battle, between rights and responsibilities. And so anyway, we got to a point where it was decided. The union said—well, I guess we had told them that we couldn't pay them the wages that they wanted and that we'd made our final offer and so on.

So they asked if they could leave the room. In other words, we just called a recess. All of us needed to get out to get a little rest at that time. These were meetings that were, you know, they were fairly stressful meetings. And the whole future of the company depended on whether you could get these fellows to be willing to work at a (wage you could pay). And the same way with everybody else. And we were always paying as much or a little more

than the other people in town. So they all left the room. And then about fifteen minutes later Rutledge brought them all back into the room. And do you know that every single one of those guys—and there were over eighty of them—came back into the room with a pickaxe handle over his shoulder. They had taken pickaxe handles from Lewers & Cooke, out of our stock, taken them that afternoon. And that night they came in and marched back into the room and everybody with a pickaxe handle over his shoulder. And then they set the pickaxe handles down (between their legs)—these were all wooden—sat back down in the room. And so we had to face those guys to negotiate from then on with every single guy with a pickaxe handle in front of him. Now this is Rutledge-type tactics. And this shocked me. I talked to the mediator and I said, “I think that we should just adjourn the meeting at this point.” And I said, “I don't think this is the proper way of (proceeding). These men have rights; they also have certain responsibilities. (Our company as a whole has certain rights; we have certain responsibilities. And I don't think that this is a proper way to go at this important problem.”)

And he said, “Fred, let me talk to you. You just have to make up your mind that this is the way the unions are acting at this particular point in time.” And he said, “If you do that it'll probably make things worse. I know how you feel, and you feel that this is a demand against you—you're being held hostage to pickaxe handles (with an implied threat to use them) if you don't move in their direction.” But he said, “I think you'd do much better to just ignore it. Not even comment on it. And just go back into the meeting.”

It took me several minutes to do that. So I said, “This guy has had a lot more experience in this sort of thing than I have.” Our attorneys (and our guys) didn't like it. We always had an attorney there because a legal problem would come up. He didn't like it. And our guys—all our negotiating team didn't like it. And I had to take—being responsible—I had to more or less say (to myself), well guys, if this will get us a contract, it's more important that we have a good contract and win these guys over to do a job than we antagonize them in a way that will make things worse. Now I don't know whether that brought on one of the strikes that we had, because we couldn't increase the wages beyond the amount that we had already put down. I just don't remember. I don't remember what year that was.

WN: So at negotiation, I'm sure the mediator examines your records and so forth to find out whether . . .

FL: Well, the mediator would go over everything and try and act as a go-between, and try and make suggestions. He'd call a meeting—he'd adjourn a meeting and he'd take one group out and say, “Look, they've made this offer, and this offer, and this offer. They can't go any further. How about you guys modifying yours this way. Maybe that will bring it about.” Or he would take us out and he'd say, “Look, the union has gone and say they have to have this and they have to have that. Why don't you make a suggestion along this

line. Maybe this can bring about getting together.” They were a facilitator to bring about a union agreement. And a lot of them were very capable guys.

WN: Now this is different from arbitration.

FL: That's right. This is right. We never had an arbitration that I recall. We were always able to arrive at an agreement, but most of them were a little bit more (chuckles) than we thought we ought to go.

On the other hand, one of the major things that I think that helped to change Lewers & Cooke during those years was that I (discussed with) every department head that he was responsible for his part of the business. “Your job is to come up with a set of objectives as to what's the best thing you can do—the best you can do for the company next year. And this must all be spelled out.” And then every year we had what we called our objectives meeting. And each one of the department heads would make his presentation. So each one of the other department heads and all of our supervisory staff knew exactly what everybody said they would do the following year. And during the time that they made up these objectives they were in constant touch with me back and forth, you know, as to whether this fitted in with an overall program. But what it did was it put the responsibility to a great extent onto them, and they took the responsibility and said what they could do. And then it was—they having said, “I am going to do this for Lewers & Cooke,” it made it important that they meet those objectives. And they liked it, most of them. There were some that hated this and they didn't want to do it. But most of them went along and it changed the whole picture of Lewers & Cooke, and from that time on our profits just started to go up. We had a couple of bad years, but from that time on, why, our profits did a lot better and we were able to do better for all our (people groups, especially the stockholders who had been left behind). And that meant that the banks were more willing to loan us money, insurance companies loaned us money at times.

And so, I think, with (a new vital balance) these guys who were all enthusiastic about this—their future was dependent on it the same way mine was (or) they couldn't move ahead. We put in a profit-sharing plan. Rather than paying it out yearly, we made it part of the pension plan, as an addition—supplemental pension plan—so that they had two pension plans. They had the going pension plan and then they had the profit-sharing pension plan, and so on. And we paid a certain amount into it based on profits. And this was another thought that some—one of the guys brought up—and a good one. And it may have had a definite effect on some of the union guys that, you know, the company isn't all that bad after all. And that unless we produce, how can they move ahead? (So we moved ahead.)

WN: Okay. So when you were president there were a couple of strikes and so forth. Now, coming along to 1965 was when the company merged with U.S.

Plywood. What brought on that?

FL: Well, it largely came about through the change in the nature of building business. In other words, I referred to—some time ago—about building up until the wartime was mostly single-family residences. Then you got into duplexes, and you got into small tract developments. Then you got into bigger tract developments, which we joint-ventured with others, and so on. And then a major problem that we had was that the big piece of property that we had at Pi`ikoi Street became a problem for us in that it was too expensive to do just the type of business that we were on. We had to develop that piece of property for (high-rises) or some other development which would properly recognize the value of that property, because that was an (underutilized) resource of the stockholders. And it was perfectly legitimate for them to ask for a return on that resource too. And so the merger into U.S. Plywood (or someone else) was one of the several alternatives that we had been considering over a period of years, as to how to develop Pi`ikoi Street, (and yet still keep and develop the other basic businesses we were in and the future of the people who were in them). Should we move some of the merchandising activities that we had there—which were simply storage or sales—to some other location and use this beautiful piece of property for building multi-story buildings, which we could either sell, rent, lease, and so on? And there were a multitude of alternative ways to develop that property. We had a consultant from Los Angeles. We had our own guys thinking in terms of how we could develop that property. And we had drawings of multi-story buildings, several different types and ways. And in doing that we had to think of how we would move off of the property and where we would go. We bought at one time, I think, Hawai`i Builders Supply, which Al Hastings had run for years. And he wanted---and he had a lease down on the Kap_lama Canal on (Dillingham Boulevard) and the canal frontage there. And we bought that property and took over the lease, thinking in terms of, "This is an alternate merchandising sight," if we wanted to develop the (Pi`ikoi Street) property ourselves. You see, we could take the Pi`ikoi Street property and develop it piece by piece and bring in revenue, and do it over a period of years. Or the other possibility would be to sell it. The other possibility would be to joint-venture it, and so on. But we had to find a way—and I felt it was absolutely important that we be absolutely fair with all of our employees who worked with us for years and years, that they have a future that was as good or maybe better than what we could do with the Pi`ikoi Street property. And so we tried to do it within the company, and find ways of doing it. And there just didn't seem to be a way to work it out. (It involved a huge capital problem.) So then in 1964 the president of U.S. Plywood was down here. And he was in my office and we were talking about various things. And then he sort of asked quite a few questions that were very—I thought, you know, that there was something more back of it. And I figured, maybe U.S. Plywood has an idea that they would like to move into Hawai`i (through us) and that they'd like to take over Lewers & Cooke.

WN: What kind of company was U.S. Plywood?

FL: U.S. Plywood was a very large national company. They made beautiful plywoods, all kinds of plywoods, hardwoods, softwoods, and so on. They were a large manufacturer of glues because glues went with plywood. They were a big company, a profitable company, a very well-run company, a very ethical company, and one that I was interested in talking with the president because I thought, well, here's somebody that might take over the company and would be the type—have the same type of policies that Lewers & Cooke had, and that we wouldn't be making all that much change. In other words, they wouldn't be the kind of guys that would fire people, and so on and so forth. They would build on what we had, and so on. (They saw the future of Hawai'i.)

So it developed that we did have some preliminary discussions in '64 on a potential merger. And we ran into a stumbling block because we felt that the Pi'ikoi Street property was more valuable, and quite a bit more valuable, than they did. And so the negotiations came to a halt at that point, but they still seemed to be interested in the possibility, "Well, is there some way that we can merge all of the operating assets of Lewers & Cooke into U.S. Plywood and in that way not have to take over the property and pay for the property?" We weren't in a legal or corporate setup at that time to have brought about that type of a merger, (but organizationally we were). So we discussed, during the year, that possibility. And so we decided to form two subsidiary corporations. And they were legally formed on December 29, 1964. In other words, it took us most of that year to work out the details of it. And what we decided to do was to put all of the merchandising operations into what we called the Lewers & Cooke Merchandising Corporation. And we put Jim Lovell in as vice president (and manager)—he was already a vice president of Lewers & Cooke—but he became vice president and manager also of the subsidiary corporation. And then we took all of our types of operations and activities that involved land development, tracts, joint ventures, and that sort of things, and we put that into what we called the Lewers & Cooke Development Corporation. And those were the two corporations that held all of the (operating) assets of Lewers & Cooke, Limited, with the exception of the land. See, what we'd done was we took the land out because Plywood said, "We won't pay you a reasonable price for" what we thought was a reasonable price for it. "But we will consider all of your other assets."

And so that gave us the opportunity to—and for them—to reopen negotiations in 1965, after these corporations were formed, where we could say to them, "Well, let's talk about merging the merchandise corporation and the development corporation into U.S. Plywood. We will take Plywood's stock in payment for it, and then the Lewers & Cooke overall company at the top (owned by the Lewers & Cooke stockholders) will have only two assets. It'll have the land at Pi'ikoi Street," which they did not want to take and did not

want to take over the development of that because they said our price was too high. We gave them a short-term—the top company gave them a short-term lease in order for them to move to another location. Now, one of the conditions of the merger was for us, and all of my staff here, to find a location in Honolulu that was satisfactory to them that they could move to. And so we found a big area of property down at the entrance to the [*Honolulu International*] Airport, just before you get to the airport. And I don't remember how many acres in there, but there must have been over twenty acres in there. It went all the way through from the airport property to the next street on the Diamond Head side, and ran from—well, it was a great big block of land anyway. We couldn't buy the land, we had to lease it because that was all part of the old Damon estate and that had been sold to K. J. Luke and that *hui* that he put together. K. J. was in it and, let's see, there were several other people involved in that. So we leased the land. Well, I guess we presented the problem to U.S. Plywood and worked out with them what a fair lease would be. And so we had their approval and then the merger . . .

WN: You were talking about that piece of land by the airport.

FL: Okay. Plywood insisted, perfectly legitimately, that they couldn't have a merger unless they had a piece of property to move to. So we found the property. We apparently agreed on a satisfactory lease rental. That was negotiated with the owners of the property, and then the merger came about. And I think it was a—in my opinion—I felt was going to be for everybody—myself included—I felt it was going to be a very, very good merger. We were dealing with a company we had done business with for twenty-five years. We knew a lot of the top people. They were honorable, ethical, they had been in business for a long time. So that from the employee point of view, merging all of our employees in these two operating companies, I felt it was going to be a very fair setup. I also felt, from the point of view of the former Lewers & Cooke—which they asked we rename L & C, Limited, or any other name we wanted. They said they had no objection to L & C, Limited and in order to keep the continuity we chose to call it L & C, Limited. And it was then the successor to Lewers & Cooke, Limited. In other words, L & C became the legal successor to Lewers & Cooke, Limited but its assets were very different. The assets were the land and a little bit of cash that was up there, and the Plywood stock that we took in payment for the two operating companies—the merchandise company and the development company. And I felt it was going to be great for everybody. It was going to be great for our stockholders because Plywood would go up in—gradually, over a period of time would go up in price. It still left the holding company a chance to develop the Pi`ikoi Street property the way they felt best. So we sort of hedged the future of Lewers & Cooke (now L & C, Limited). We were still in the merchandising business through U.S. Plywood.

WN: Which would still be named Lewers & Cooke, (Incorporated, rather than Limited).

FL: The two subsidiary companies asked for the name. They insisted on the name. It was part of the transaction. They said, "We want the Lewers & Cooke name, that's important to us." And so that's why we had to take the L & C, Limited name and couldn't call the whole company Lewers & Cooke, Limited. They did not want to come in and say, "We are U.S. Plywood." They felt it would be a detriment to them, to come in and wipe out Lewers & Cooke, (a name which had) been known for a hundred-and-several years and just put U.S. Plywood right on top of Lewers & Cooke. They felt that the name had value. And so they insisted on it.

So it seemed like a good thing. My top five guys all had five-year contracts with U.S. Plywood that they couldn't break. And we were all in favor of it and, you know, there was some discussion, you know, could some of us get hurt on the whole thing. But in the end everybody came along and we felt it was the best thing for—each of them felt it was the best thing. I remember a couple of guys in my treasurer's office said, "You know, this could be great. One of us might be able to move up from here to a treasurer's job back in New York." And so it gave everybody—all the employees—it gave them—well, I shouldn't say all because a lot of them were going to want to live here—but it gave specific guys who were ambitious and wanted to live on the Mainland a chance to ask for a transfer to U.S. Plywood somewhere on the Mainland, or to go clear back to their main headquarters in New York. So from the employee point of view it seemed fair, and going back to my four people groups, my mission or my purpose and so on—it took care of the stockholder interest. It still took care of all of the companies that we had been buying from, because it was—probably they would buy a little bit more from Plywood, or maybe quite a bit more, but they would still be buying from all the other several hundred companies that we bought from (as U.S. Plywood expanded here). And as I said it was good for the employees, it was good for the stockholders. And I felt that it was very, very good for the community, because we had this union problem, which, you know, we had been able to survive with but it was a constant threat. It's like that night, you know, that night I described—the type of threat and how far Rutledge in some of his other activities went. You know, those activities out at Pearl City Tavern, where his guys, you know, cut tires on cars and smashed radiators and threw various things, and so on. And it doesn't take too much for a leader of his type to get some guys riled up, particularly if they've had a few beers, and that sort of thing. And while he never pulled anything of that type on us at Lewers & Cooke, it was always that threat that something could get out of hand. And so it was my feeling that from the point of view of the stockholders at Lewers & Cooke, they had a small percentage interest in a big nationwide corporation—as a matter of fact it was international to some extent—but at the same time the (L & C) stockholders had the piece of land at Pi`ikoi Street—which they had to develop as they felt best to do (in their interests).

WN: So the decision for the merger was a variety of decisions, one of them being the union situation, another being the desire to fully utilize that Pi`ikoi Street property.

FL: Exactly, and it involved—a great point in it was the whole way that the building industry was changing. (L & C) then had the possibility of developing Pi`ikoi Street to the best maximum use, but Plywood had all of our operating assets to go much, much further into the tract development business in Honolulu. Because whereas we couldn't get capital, U.S. Plywood was a company that was many, many, many times larger than Lewers & Cooke, and they had banking connections, and insurance company connections, and so on, that could get money. And they did. They poured money into Lewers & Cooke. So while I was never privy or had access to how they did during the years after the merger—because I only lasted six months in the merger myself. (Laughs) I'll come to that if you want. (I do know they expanded very substantially, far more than we could have as Lewers & Cooke, Ltd.)

Fortunately all my other guys liked it and stayed on, and did a good job, and took the company to new heights, which we never could have gotten the capital to do. Even though we made more money—and quite a bit more money during the years after my group took over (in 1956)—and we started some of these newer thoughts, and thinking, and training, and various other things and all, we just couldn't have possibly have gotten the capital to do what U.S. Plywood (could do) and that meant that they all had unlimited opportunities for advancement in U.S. Plywood. And the same way with the union guys. They were working for a bigger company, a company that might be able to do more than we could do. So that I felt that it was really a good merger, it fitted our purpose that I've mentioned in every respect. And I felt that it was really going to go places.

But you know, we signed the papers down in Dudley Pratt's office (our attorney). And they sent three of their men down here—their corporate secretary, their financial vice president, the other man I can't remember. They were happy. I remember at the meeting, they said, "Fred, you and your guys have done a wonderful job with this company. You've built it up, and we're very happy with what we've bought and we think that we can take it, with our ability to get capital and so on, we think that we can take this a lot further than you can."

And I said, "Well, that's why I've been willing to do it." And so on. But, do you know what happened? We signed all the papers in Dudley Pratt's office and then I was to take them to the airport. And we hadn't been in the car for five minutes on the way to the airport when this financial vice president, who was the senior one, turned to me and he said, "Fred, we like what you've done." He even told me, "You have done things that we haven't even tried. We think that we can send people down to Lewers & Cooke to learn things that we can use at Plywood." And then he said, "But."

And I thought, oh my god, we've been married for ten minutes and the "buts" have started. And I said, "Well, what do you mean? What are the butts?"

"Well," he said, "You know, you're 5,000 miles away from New York. We feel that you really have had, as president of Lewers & Cooke and all, and these companies, more authority than we feel that you should have under us. And that we feel that we should take some of that authority back." (They had already begun to renege on our understanding.)

And I said, "Well, what do you mean?"

And he said, "Well, number one, you will have no further right to hire anybody at the \$10,000 level or higher without our authority." (Yet we had agreed on the organizational charts that we needed additional help at this level. But now I could not hire them without New York's approval. And then he said, "You have no right to give a raise to any person at the \$10,000 level or higher without our authority.")

And I thought, my god, how do you run a company 5,000 miles away, and you've got guys that have done a terrific job and you want to reward them with a raise and at an appropriate time when they've done something, not wait a year, and not have to go back (to New York for) permission to do it, which may take two or three months and might be denied. And I thought, my god, they're taking away everything that I can do for this company. And then he went on down another list, and the list was about eight or nine things that I couldn't do. And I thought to myself, my god, what have I done? And I thought to myself, well, you still have done the right thing for your Lewers & Cooke people, you still have done the right thing for the community, you still have done the right thing for all of the people you buy from, your suppliers, and you still have done the right thing for your stockholders. The only guy that you haven't done the right thing for maybe is yourself. (Laughs) Maybe you aren't going to be able to take this.

WN: Now what position did you hold after the merger?

FL: At the merger, the way they did it was exactly the way we had it here. I was the president of these subsidiaries, and when we merged it I remained the president and Jim Lovell was the vice president and the manager of one of the companies, and Gibby Rietow was the vice president and the manager of the other. And the treasurer was the same way. Let's see, I think Hal Hocking was the treasurer. He was the secretary-treasurer of both of the subsidiary companies. And all the other officers stayed the same too—the assistant treasurers remained the same, the secretary remained the same, and so forth and so on. And (at L & C, Ltd.) we kept Jim Lovell as a vice president, and Gibby Rietow was the vice president and Hal Hocking was the treasurer. And we, I think, took one of the fellows from our legal office and made him

the corporate secretary of L & C, Limited, so that we'd have a very close relationship with our attorneys on that part locally. And so the officer setup stayed the same for the three corporations, with the exception of bringing a—I think—I'd have to go through the papers to find out. I can't remember now which one it is. So that the directors of L & C, Limited, formerly Lewers & Cooke, all stayed the same. There was no change there. But they were now directors of a piece of property—Pi`ikoi Street property—and were responsible for the development of that. And they had this number of how many thousand shares there were of U.S. Plywood stock which we took in exchange for the assets of these two corporations. (U.S. Plywood did change the directors of the subsidiary companies they had bought. I was still president, but all my directors were now U.S. Plywood officers.)

WN: Okay. So you---they gave you the list of demands . . .

FL: They gave me the list of things and I was shocked. I can tell you I was shocked, because I said to myself, my god, how can I operate this? How can I bring about the same enthusiasm, and maintain the same enthusiasm, and help these guys grow if I've got to get approval of everything that I do from New York? And so, god, I was really sick. I think I darned near puked. It was such a shock. But there wasn't anything I could do. And I knew, as I said before our break, that I'd done the right thing for everybody, and that I was the only guy that was going to (possibly) get hurt if I couldn't stand it.

And so the first step, everything went well. Their president came down. We had him at a meeting and he talked to us about the merger, what they wanted to do for us. He was a very soft-spoken, gentlemanly guy and made a good impression. And the others—the other people that they sent down—were all capable people. And again, so from the point of view of everybody but me, I don't think there were any great fears developed or any, you know, any anxiety over the whole thing. On the other hand, I can tell you I was kind of. . . . (Laughs) My anxiety level went up.

But I said to myself, well, they want me to come back and discuss this whole thing with the company, with U.S. Plywood. And so we settled on June, and I went back in June and they were just nice as hell to me. They had a meeting in one of their big meeting rooms—there must have been fifty or more guys in there—and they asked me to explain the whole of the Lewers & Cooke operation. We asked questions back and forth. We must have had a two- or three-hour meeting—very friendly, everything else. No problems at all, except, in the negotiations I had told them that seeing they were considering, and probably would increase our capital by several millions of dollars, that I didn't feel that I had the full staff of people that were capable of handling that increase in business that rapidly. And so we had agreed, I thought, to an organization chart—which I do not have a copy of. But it had the places for the addition of three to four new people at a relatively high level where we did not feel that we had somebody on the staff of these two corporations that

was capable of moving up that rapidly, and so on. So one of the things that I found out when I got back there was that they, in a sense had—I felt—changed their mind on that agreement.

They practically said that they didn't have anybody at that time that they could send down. And I felt at that time that I needed at least one. If we'd lost somebody or somebody had retired and so on, and I just didn't have—I felt—the right person for the job, particularly if we were going to expand. And so I left the meeting—I was there for I guess a week. And they were very happy with what we were doing. We had set up objectives for the year that were considerably, I think, greater than the year before, and we were well on the way toward meeting all of those objectives. So they were happy. In other words, we were meeting their (1965) profit plan. And they had, as I remember, no complaints. We were beginning to exchange people back and forth. We would send people back there to see what they were doing, and so on, and sort of try and integrate the merchandise company and the tract development company, so they got a better understanding of it back there and we got a better understanding here of what we might be able to buy in the way of merchandise from them.

But I came away with a very—I don't know just quite the word to use but. . . . The feeling that this merger was not going to work out as far as I was concerned. From this point of view: they were treating me perfectly all right. I had no complaint about salary or anything. I had signed an agreement with them and they kept me on the same salary and everything else. And, you know, they discussed that there would be probably salary increases and so on. So I had no complaints along that line at all.

Also we discussed—I've got to throw in a little thing here but bring me back to this again. We also had an agreement that these same officers here were officers of the holding company (L & C, Ltd.) at the top. Now this was a very unusual situation because they were working for an entirely different group of stockholders. They weren't working for Plywood stockholders, you see, in the (L & C, Ltd.) corporations here, but they were also officers up here. And we'd worked out an agreement—all verbal but very satisfactory, and satisfactory back there—that I would spend not more than a certain amount of time on the other and that any time that I spent on the top company, and any time my officers spent on that, would be deducted and transferred. In other words, they would be given a credit and those expenses be paid for by the L & C, Limited. So L & C, Limited paid them—I've forgotten how often we settled up on this sort of thing and so on. And this went on, and as I say, everything was satisfactory on our discussions about that in June. But they would not do anything about these (new people to be in the U.S. Plywood subsidiaries). So at this point I came back here and I talked to several people on the outside whom I had confidence in—business people. And I said, "How do we go about trying to convince them that we need some more help down here, that we can't develop quickly within our own organization?" And so we

came up with this idea that I would hire the firm of Heidrick & Struggles, who are—the term is headhunters, who, you know, look for people. It's a horrible name but it—what it means is they go around and look for capable people in other organizations and then you take them out and (hire) them. They kept telling me when I was back there in June that they would be able to give us the people we needed when we needed them, that they were going to make the decision. And I had the feeling that I needed them now. So I thought, well, I'll have Heidrick & Struggles go back and see if there are people back there that they have that are surplus or could be made surplus that could fit down here to do the job.

And Heidrick & Struggles came back to me and said, “Fred, you got a hell of a problem on your hands. They don't have enough people back there really to do the job that we think that they should be doing in certain areas.” And so he said, “You're chance of getting somebody to fill the one job, let alone any others that you feel you have a tentative agreement on, you're just out of luck.” And so I left that meeting feeling pretty blue because I felt this way—and, you know, maybe I was wrong on this. But as I think back I feel I was right. I had been president of this whole ball of wax—all three of these companies and so on—and was still president and had the probability of continuing to be president of L & C, Limited, but I felt that I was not going to be able—without this additional help—and some of my top guys felt the same way—unless we could get some more very capable help in. Because they were going to start to pour money in here. I never knew for sure but I understand that the amount of capital they put in was several millions of dollars, which made Lewers & Cooke, or these operating companies, maybe two (or more) times as big when you considered the amount of money they were borrowing plus the amount of capital they had. And so that's why I felt it was important that we get these extra people in and start melding them into the organization. Because I didn't want to fail. I felt that if I didn't have this extra help, even though I had very capable top people and very capable layers in there, I didn't have really the total capacity of people that I wanted. If one should leave—supposing one died in an auto accident? Or supposing somebody died on the plane between here and (New York), because we were going back and forth a lot? And some of my men were very capable and they might be offered a job that was better than Plywood would pay them, (or Plywood would take one of them).

And so then I was in a hell of a fix. And having had the Lowrey name connected with the company since my grandfather (became president around 1900). You know, a head of a company can't do everything, he's completely dependent on the team he puts together. And they weren't letting me have the type of guy on the team that I felt I needed. And so I came away pretty blue. And I came back and I reported to a person on the West Coast on most of the things, which was a good relationship and I'd known him for twenty-five years, and we were good friends. And so I took up this matter with him. I said, “I just feel that we aren't going to be successful. I think it

could have a negative effect on you, if we aren't successful." (U.S. Plywood did liquidate the Lewers & Cooke companies in 1978, twelve years later. They had merged with Champion Paper Co. around 1966-67 and Champion came out on top.)

And of course he was pretty busy with all of the things that he had, and so it went on and on and on. And then I requested that I go back and see them in November. And so I went back again, and again we had very, very good meetings—very friendly. They even invited me to their executive committee meetings of U.S. Plywood. So I sat in while I was there, on the executive committee of the U.S. Plywood Corporation, with all of their top officers. And they were discussing a merger with another very large company. As a matter of fact, it was larger than they, but not one that they did merge with later. And they even asked me what I thought about the merger. And I said, "Well," I won't mention the name because they never merged with them. But I said, "This company has the type of products that are very different and are sold a different way, have to be inventoried differently," and I said, "If you merge with them I don't know that you'll get the economies of the merger as much as you've indicated." Well, they didn't—I don't think they liked this necessarily. Anyway, they never merged with this company. So the afternoon that I was to leave I had quite a long meeting with the president of the company in his office and I said, "I'm very, very upset about one aspect of this whole thing. Everything else seems to be going along beautifully." And I said, "The marriage of the companies, everything is going well, except I am very unhappy. I feel that you will not be able to accomplish what you want in this merger unless you let me get this additional capability that we need and we haven't been able to develop because of the way you're expanding." I said, "Supposing we lose Jim Lovell or Gibby Rietow? They're (traveling) back and forth. Supposing we lose one or more of the key guys right under them?"

And he turned to me after thinking for a minute and he said, "Fred, in a corporation the size of U.S. Plywood, we cannot worry about things like this."

And I thought to myself, my god, I already know from Heidrick & Struggles that you don't have the capability of people that are free that you can send to me now. This was one of the best-known headhunting companies in the United States. And so I knew that, and he then tells me, "We don't worry about things like that." Who was going to be the one to worry? It was me, because I wouldn't have the staff—and I couldn't get them (without their approval)—and I knew I couldn't make this company profitable (in the long run with the manifold changes on this business). And that meant (the high probability of) failure. And I said (to myself) that I cannot put myself in a situation where I fail in Honolulu as a third generation in this company. I didn't tell him this—this was what was going through my mind as I was there. But I didn't say anything to him about it, because I thought it was (at the time) inappropriate. In other words, I didn't want to turn my resignation in at that point, but I did alert him to my very deep concern about (how I felt

about his expansion plans for his Lewers & Cooke companies in Hawai'i).

Well, I got on the plane later that afternoon and was going to meet my daughter in Minneapolis and have Thanksgiving with her the next day. And I just made up my mind on that trip—two-hour trip or whatever it was—look, you've just got to get out and resign. It's just more than you can take, to be put into a situation like this. And so, you know, maybe I was wrong. But I wasn't hurting any of my guys. I wasn't hurting any of the objectives we tried to meet. In a sense it gave Jim Lovell a greater opportunity, it gave Gibby Rietow a greater opportunity. It gave my guys a greater opportunity if they could meet these objectives and meet the profit objectives and the profit plan that U.S. Plywood imposed on them, or you know, put on them every year. So I came back a very, very changed guy. On the other hand, I was still president of L & C, Limited, the holding company that owned the Pi'ikoi Street property.

WN: That [*Pi'ikoi Street property*] had nothing to do with U.S. Plywood.

FL: Had absolutely nothing to do with Plywood, had no say in it. It was separate corporations, completely divorced. And so I felt pretty sure that the directors of L & C, Limited, the holding company, would want me to stay on and run that, at least for a while. And it was just a difference of opinion, legitimate. Just two different ways of thinking about (a problem). And it was probably, maybe my own weakness that I felt this way about it. I'd put together a team that had done a commendable job of moving those other companies forward (and that they could do the job without me or with someone sent down from U.S. Plywood).

WN: So you're saying that you didn't want to fail, but by getting out you satisfy your own goals personally as well as saving the company.

FL: I felt that the (L & C) directors—if I did resign—that the directors would (give me the opportunity) as president of L & C, Limited. And so I talked to the (U.S. Plywood West Coast manager, the) person I reported to in Los Angeles and told him that I felt that I should get out, and that it would be better for the company to put their own person in down here (in order to see the local problems and get better coordination). And then it would go along more smoothly and they could do the things the way they wanted. And I told them that I felt that, really, in my opinion they were making a mistake in not bringing in some more help here but if that's the way they felt—legitimately—and maybe they were right—probably right—then it was just better for me to just ease out of the picture and let them do it the way they wanted. So I (orally) let him know that I was going to turn my resignation in but told him that I would gear it to a time that was convenient with them.

And he said, "I'm going to be going on an extended trip, would you put it off

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for a month or two?"

And I said, "Sure. No problem about that." (The top brass) was coming down here, and the president of the company was coming down and bringing the others and to go over what our (1966) projections were going to be. (And with him as well as the president there was no give on getting any additional help. And they didn't seem to be concerned over my leaving. So I felt maybe they were right; but my feelings also were that in the longer run this wasn't going to work out well.) And so we agreed on the time, agreed on the meetings here. So when they came down here it gave me a chance to discuss everything with the president of the company and the others. And I told them that I had made up my mind, that in view of the way that they felt about it versus the way I felt about it, that I felt that I should just ease out. And I would do it on whatever basis they wanted. Now, I had this five-year contract and I said, "Under the contract, I would feel that obviously you don't owe me anything, if I'm leaving. On the other hand, I don't feel that seeing you have not been willing to do the things (that you agreed to do) the way I feel they need to be done, I don't feel that I owe you anything." So we parted (amicably). And they elected their own (West Coast manager in) at that time (in 1966 as president of their two Lewers & Cooke subsidiaries). (All of our people knew him and liked him, so it made for a natural and smooth transfer to Plywood. I thought things would work out well with him as president, a Plywood president in Honolulu as a logical intermediary. He also would experience what I had been trying to convey.)

WN: Okay. Well it must have been very difficult for something that's been in the family for so

long—I was wondering if your father was still around and what his feelings were on all this.

FL: (There always has been a belief that the Lowrey family had a large part of the ownership of Lewers & Cooke. This has not been true since the 1920s when my grandfather sold off a substantial part of his interest to younger men, including Phillip E. Spalding and my father. So, we played a role in management, but not a large one in ownership.)

(I talked over my decision to resign from Plywood with my directors and my father, feeling as I have indicated that they were going to assume most of the real top management in New York City and the West Coast. So, feeling that our Lewers & Cooke people would have better opportunities with them, I felt it better for me to quietly leave. My directors and my father agreed.)

(I was given my chance to accept their terms. It was my decision. They were changing the spirit of the agreed relationship toward Lewers & Cooke and me and I just decided I would not be able to work with them. After all, Pi`ikoi Street and L & C, Ltd. were a very major responsibility and an important challenge, too. L & C, Limited's profitable development fascinated me, too.)

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P. Lowrey -

WN: Before you quit being president. You told me a story about what Hung Wai Ching told you. You were walking Downtown, can you tell me that?

FL: Yeah, sure. (Laughs) This happened immediately after the merger of the two—the merchandise corporation and the development company into Plywood, and the fact that L & C Limited had kept the (Pi`ikoi Street) land. And I was walking along Merchant Street, and I can remember it just as clear as it happened. And I was on the *mauka* side, walking back, walking along, and Hung Wai was on the other side. And he hailed me across the street. He said, “Hey F. P.! I want to talk to you.” And so we both started walking across the street. And he put out his hand to me and he said, “F. P., you one goddamn good *Pake!*” (Laughs) What he was saying was, you kept the land, the most valuable asset. And, you know, in the mind of the Oriental people land is the most valuable thing. And we thought so too. It's why we wouldn't let the land go to Plywood, because we felt that they wouldn't pay us enough for it. But when he said this to me we just laughed and laughed. And I took it as a great compliment because he was telling me, “Look, you guys used your head and kept the land which is your most valuable asset, and you didn't let it go.” And my directors felt the same way, (too, and the stock market did, too). (The price of L & C shares increased significantly.)

WN: Where did you---where did the L & C, Limited operate? Still at 404 Pi`ikoi?

FL: Well, yeah. For about a year, until (Plywood) got their (airport) building built, they were still in the (Pi`ikoi Street) building. So I of course moved out of my office and they were good enough to let me have an office, seeing (L & C) owned the building and were leasing it to them. I was in the building and I had a secretary there, but had no relationship with the Lewers & Cooke subordinate (operating) companies. In other words, I had of course resigned from the subordinate (Plywood) companies, but stayed on as president of L & C, Limited, now a holding company.

WN: I see.

FL: And so I kept an office down at 404 Pi`ikoi Street. I only had a token staff. I had one secretary and then I would hire the consultive help (here or on the Mainland) that we needed. And I had an architectural group that was working on developing plans for the property, if we (could find the means to) develop it ourselves (and show to potentially interested people). (It was an interesting complicated assignment in all sorts of ways. We felt there were all kinds of potential ways to develop the value of the property. We were at this point two years ahead of even thinking that the Dillingham Corporation might want L & C's assets, i.e., land and cash. We considered the possibility of converting L & C, Ltd. into a real estate investment trust which had certain tax advantages in paying out dividends, but we could find no way to bring in sufficient income. All we had was an indefinite short-term lease with Plywood which might run to

June 1969, but probably would be much shorter because they were underway on building a new modern plant near the airport. And we would have had to effectuate a sale of the Plywood stock and buy a strategic income-producing property to qualify as a real estate development trust. We had become a closed-end investment company at the time of the formation of the subsidiaries which meant we had to operate somewhat differently, legally and tax-wise.)

(Dillingham Corporation's condo at 1350 Ala Moana began in September 1966. Most of the apartments were pre-sold, so we knew that there was a demand for condos in this area. But we were at that time limited by the short-term lease to U.S. Plywood. Plans were begun of possible types of buildings for the whole of the Pi`ikoi property. Many alternatives were possible.)

(U.S. Plywood in joint venture with a group of their contractors made a study and an offer for L & C, Ltd. at one point, but their price was low. In January 1967—to diversify our holding in Plywood—we sold 68,000 shares and invested it in CDs [*certificates of deposit*] to bring in about 5-1/2 percent interest.)

(On January 20, 1967 Plywood merged with the Champion Paper Co. expecting to become the dominant corporation, but it turned out otherwise. Champion became dominant. In my L & C mid-year report dated August 11, 1967 we noted that we had then sold by that time 79 percent of the Plywood-Champion stock, converting the stock to short-term instruments, making L & C and its land more attractive for merger at a time when money for development was not only scarce but costly.)

(An appraisal done by capable Mainland appraisers indicated that the value of L & C would rise substantially as soon as Plywood moved off the property and gave up their short-term lease. All these studies were done to show investors and developers that the L & C property had considerably higher and increasing values for apartments or a large hotel fronting Pi`ikoi Street with easy shuttle access to Ala Moana beach and park. The land stood on L & C books from 1938 at \$371,000. We estimated the immediate future value of \$9,000,000. Our appraisals indicated an increase in value of maybe 7 percent per year. L & C had the only large parcel available in fee simple for merger, purchase, or joint venture, etc.)

(Our sales and development effort since early 1966 was beginning to pay off. We were beginning to get numerous inquiries and were approaching people we might be interested in developing with. In September of 1967, I approached Lowell Dillingham and in November we wrote to the stockholders of their offer of merger of L & C into Dillingham. Our stockholders agreed and the merger took place in March 1968.)

(Dillingham would now continue the work we had begun: to develop the Pi`ikoi property which had now grown in size from fourteen-plus acres to seventeen-plus acres with frontage of 300 feet on Ala Moana Boulevard. It was a tax-free exchange. We had increased the value of L & C stock from three to four dollars in 1956—when I was elected president—to eighteen to twenty-six dollars in 1965, at the time of the Plywood merge, to about forty-one dollars per share with the Dillingham Corporation merger in early 1968. We accepted the Dillingham Corporation merger for many reasons. The directors and the stockholders felt we had done a good job and Dillingham Corporation was a growth situation. It split two for one in 1969. L & C, Ltd. and the former Lewers & Cooke stockholders were now Dillingham Corporation stockholders in a growing company.)

(The seventeen-plus acres of land was the Dillingham's to develop. They apparently had other plans and the property was not developed by them and was sold to the Nauru Trust when Dillingham Corporation later liquidated. Nauru in 1992 is finishing its first forty-four story tower on the Ala Moana parcel and has cleared the *mauka* parcel fronting Pi`ikoi Street for its second tower as of May 1992).

WN: So why did you decide not to develop it yourselves?

FL: This was (a) hard decision for me to make because I knew I was going to merge myself out of a job if we merged with Dillingham, because I didn't belong at Dillingham. There wasn't anything I could contribute over there. (They had a capable development department.) So I wanted to try and see if we could continue to develop the L & C property, because that meant (the fun of building a valuable property). But I ran into problems where (we) just didn't meet the (stockholders') objectives that I felt I had to meet. Namely, that we had to find some way of taking care of (the best interests) of our stockholders. There were very many anxious (times) because there were a lot of Mainland companies—big Mainland companies, wealthy Mainland companies—who wanted land in Honolulu (and the approximately \$10 million of cash). And all they had to do was look at our balance sheet and they saw two assets. (Fourteen and later seventeen acres) of land in Honolulu in a beautiful location, right across the street from the biggest shopping center, I think, in the United States at that point. And, in addition to that, was cash. So if I didn't bring about a (good) merger, and get my stockholders a tax-free exchange, I was not doing my job fairly to the stockholders. Because the company that came along might have offered cash and(/or bonds and) these poor stockholders who had costs of two and three dollars a share would have had to pay the difference between two and forty dollars in capital gains. And there were a lot of old-time stockholders. Furthermore, there was the problem—a major problem—that a lot of these stockholders were living off of Lewers & Cooke stock. They had fairly significant blocks, as far as their income went. We were paying relatively good dividends and they were increasing gradually each year. And so if a Mainland company bypassed

(management) and just made an offer directly to the stockholders and the stockholders took it up, then all these (other) stockholders who had this low cost (might be maneuvered out). Or made an offer in bonds, or made an offer in non—in a taxable instrument—in a taxable vehicle. Then they---they I was putting a large block of my stockholders in a very awkward (financial) position. So I felt it was my responsibility to get the highest—if I could get a price on a tax-free exchange, that was equivalent to the price that one of these other companies would give that would be taxable, I was doing my (best for the) stockholders. And during this time there were several companies that were—well, we were being looked at by lots of companies. As a matter of fact, to work out the Dillingham merger (we) came to the point where (we were) sure that a very large company on the Mainland was going to offer something around this forty dollars (per share) level. But (we) knew---they probably would offer it in bonds of that company or some type of taxable (instrument). So I felt that in the best interests of the community and the best interest of the stockholders, that I should talk this matter over with Lowell. He was the director and would have heard about it when it came up at the meeting. And so I went over to see Lowell and I said, "Lowell, I'm at the end of my rope. I can't (be sure of holding L & C) together any longer. If you feel you want the seventeen acres of property (to protect your development plans) I think you should (consider) an offer to the (L & C) stockholders."

I told him that it was my feeling that I would be ready to recommend a tax-free exchange of Dillingham stock for L & C stock, providing it was within shooting range of what the best offer that we could get from somebody else was. And so within a matter of ten days or two weeks, Lowell came back with this offer. (Lowell could see L & C could be raided by a powerful Mainland competitor and he would have problems.) And the directors decided that it was a fair offer and recommended it to the stockholders. And as soon as that information came out these other people backed away. And I think that what (L & C stockholders) got for their stock—the dividend that they got, which would—with the preferred dividend plus the common dividend that Dillingham paid—the stockholders got quite a big increase in income from what we had been paying. So again, it was a---it seemed to me that, we had been able—the whole team that we put together of architects and other people and so on, to try and work out what we could do in the way of developing it as against the others—I felt that this was the best deal. Because if we didn't (put it into stronger hands) we had the possibility of having a vulture come in and grab off the stock, or a big chunk of stock, and foul up (any chance of a tax-free move). And (it turned out lucky for the) stockholder, Dillingham stock almost doubled in the first year, (1968). Dillingham split its stock two for one the following year, (1969) and so (comparisons) get a little bit of complicated (thereafter), I think, turned out as a good deal for the Lewers & Cooke stockholders—(now an) L & C stockholder. (So to answer your question—we did not have the power to assure continued development and we were constantly at risk of being taken

over by some company many stockholders would not want.)

WN: Well, the stockholders were the last of the four people groups that you had to deal with . . .

FL: That's right. (It was good too for the community having the land in good local hands here. Of course, that later changed.)

In other words, (Dillingham Corporation received) all of the assets of L & C, Limited and the only assets that L & C had were land—which, by the way, had been added to. While we were (still) L & C, Limited we had the opportunity to pick up this piece of (adjacent) land (in 1967, about four acres), where the first Nauru Trust building has just been built (on Ala Moana). This made the (L & C) piece of property T-shaped (with frontage on Ala Moana with this purchase). (Many more people began to see the potential value of this seventeen-plus- acre fee-simple parcel—the Dillinghams included.) We (worked on this as opportunities arose and felt this four-acre addition) would make the *mauka* fourteen acres more valuable (if we controlled) this frontage on Ala Moana Boulevard (and access from Ala Moana). (This is just what Nauru Trust has done in 1991-92).

WN: I see.

FL: And Chinn Ho owned that piece of property. (We bought it from Chinn Ho or one of his companies. I negotiated with Chinn for the purchase.)

WN: Is that where 1350 Ala Moana is? The condo?

FL: (No, it is adjacent on the *`Ewa* side of the Dillingham Corporation condo. The condo [*i.e.*, 1350 Ala Moana] was a Dillingham development. Their former head office had been on this corner parcel and their condo added substantially to Dillingham Corporation's assets and profit.)

WN: Oh, okay, okay. Right on the corner.

FL: (The Dillingham Corporation condo is on Pi`ikoi and Ala Moana, and the 1992 Nauru Trust condo is adjacent on the *`Ewa* side fronting Ala Moana. The 1992 Nauru condo is on the parcel we bought from Chinn Ho.)

WN: And you folks were (just *`Ewa* of Dillingham Corporation's—just *`Ewa* beyond) the corner of Pi`ikoi and Ala Moana.

FL: (L & C) owned 500-plus feet of frontage on Pi`ikoi Street and then the property went back (*`Ewa*) about 1,200 feet, (with Waimanu Street being our *mauka* boundary. The *mauka-makai* depth varied.)

WN: Right. All the way to---almost to Kamake`e Street.

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FL: Correct.

WN: I see. Okay. And then the newly-acquired property was more toward Ala Moana Boulevard.

FL: Yes---it went (*makai*) from our (*mauka*) property right down to Ala Moana (giving all the *mauka* fourteen-plus acres frontage to Ala Moana and to Ala Moana traffic).

WN: I see.

FL: So (our purchase of this *makai* four-acre parcel just `Ewa of 1350) gave the (fourteen-plus) acres—in our opinion, a lot more value because we had the 300 feet frontage on Ala Moana (in addition to the Pi`ikoi frontage and the total size of the whole parcel made a bigger development project valuable and possible).

WN: I see. So in '68 then, it was—the entire L & C was merged with Dillingham Corporation. So now Dillingham (took possession of all your seventeen-plus acres of land and stock and cash at the time of the merger)?

FL: That is correct. (A possible explanation of Dillingham's changing and growing interest in the L & C property was its size and proximity to the Dillingham Corporation [*i.e.*, *Ala Moana*] Shopping Center. They did not want an adverse competitor across the street, and so Dillingham bought it up. And so I had tried to develop the parcel within L & C, Ltd., but for a lot of reasons, primarily uncontrollable raiding because of the number and diversity of the L & C stockholders, could not work it out for the benefit of the stockholders. The Dillingham Corporation offer was a good one.) For me, I was this time really out of a job.

(Laughter)

WN: Yeah. So that was your official retirement.

FL: Yeah.

WN: In '68.

FL: (I felt this was a good, fair deal the way it was worked out for our stockholders.)

WN: So there was a Lewers & Cooke down by the airport.

FL: (Yes, it was made up of) Lewers & Cooke Development Corporation and Lewers & Cooke Merchandising Corporation, (the companies and operations

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Plywood had bought) were now located at the airport, on something over twenty acres of land which had been leased by U.S. Plywood, or by the corporations backed up by U.S. Plywood. And that was where U.S. Plywood (Champion Paper) operated until that date that I gave—(liquidation date, about) 1978—they operated down there. (I was not privy to their operations except through the newspapers and hearsay. Seeing some of the joint ventures they participated in; Plywood and later Champion must have been quite generous with the capital they put into Hawai`i and made substantial profits in some years, but I have no solid knowledge of their operations or why they decided around 1978 to cut back on their Hawai`i operations.)

WN: Okay. Well, you know, you were a pretty young man still when you retired, weren't you? You were still in your fifties I think.

FL: I was fifty-seven. (But these had been two tough years, many Mainland trips. Many vulture-types to hold off, but many very interesting people who considered the potential of the L & C assets and their development. I had serious talks with several interested companies who were merger candidates. I think it would be inappropriate to name them. But I was "pooped out." I needed some rest or change for a while. When you run a complicated development like this with no major assistant, you get no vacation and the constant raiding problems were very difficult.)

WN: Fifty-seven.

FL: Yeah. Well, that's right. It was too early and I had expected (in time) to get back into some other business. (But) I was still a director of several (major) corporations in town. And I was still a director of several charitable organizations. So I had (several very interesting corporate and community jobs to work on).

(Also, Janet and I had not done much traveling except for trips to Japan in 1961 and Australia in 1964 with the Chamber of Commerce, and back to Plymouth in the summers to see all her former eastern friends and family. So I had thought, here [1968] is an opportunity to get a change from a tough three years of the Plywood and L & C-Dillingham mergers. But a series of misfortunes hit us ending in 1973 in Janet's death. In 1968, she fell and broke her hip. No trip. In early '69, I was operated on for a clogged artery in the neck. A stroke developed, affecting my right side and the loss of my voice for over six months. I got Janet to take a trip with our youngest daughter back to see her friends and family in Plymouth while I recuperated during the rest of 1969 and early 1970. Later in 1970, the real tragedy of our life began. She knew something was not right with her, I could see subtle changes and the doctors knew something was not right, but we had no CAT scans in those days.)

(It turned out to be a massive eighth nerve brain tumor, to which her body

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adapted until an accidental body-surfing accident disturbed the brain, allowing an accurate diagnosis. She was operated on by the best at the Huntington Memorial Hospital in Pasadena in early April 1973, but her body could not handle the void of the removal of the tumor. Nothing went right and we lost her in August 1973.)

(In November and December 1972, before the accident, when she was still in good health for all we knew, we did get in a Mainland trip back East again for Thanksgiving. We spent time with her family in Boston and down in Plymouth seeing her mother and three brothers and their families, as well as the many friends and classmates. She had gone to Vassar and spent her summers with the whole family, grandparents and all, in Plymouth. The trips worked out well, she enjoyed many happy reunions.)

(We saw our youngest daughter, who had been married that summer [1972] and was finishing college in the East with her husband. We returned to Honolulu before Christmas after seeing our other three daughters and three grandchildren on the Mainland, where they all lived and still do.)

(On the trip, little did we know of what was to begin in February 1973 and the post-operative series of critical problems which continued on until her death in August at only fifty-eight [*years old*], just when life was to begin.)

(Now, coming back to my early retirement. My stroke in early 1969 and Janet's illness put off any thought of any full-time job during those years and I am glad that I spent them with her. What happened to my life in 1973 changed everything. I had drawn back, but continued some directorships and community activities. I felt I had been fortunate in being offered community and corporate jobs at a young age, so why not do the same now. Ease out of positions slowly and make it possible for younger people to have the opportunity I had had when I began.)

(During the war years getting the kids back and forth to school became more and more of a problem, particularly with differing after-school activities. So I asked a real estate broker to look for a house for us near Punahou School. They found one on Rocky Hill at 2030 Kakela Drive. The location was perfect; we did over the house to fit our needs and of our five children. Janet hated to leave Maunalani Heights, but the advantages of the children being able to walk to and from school simplified family life very considerably. She grew to like Rocky Hill with its Manoa breeze and view of the valley more and more and became very happy with the change. Sometime later we were able to pick up an old quonset on the ocean at Makaha. It was a mess when we got it; but together we all worked on it weekends and it became her favorite. Friday afternoon she would fill the station wagon with food, dogs, kids and their friends and we would be off to `Upena Street in Makaha for the weekend. It was a great place to entertain and relax and keep adding to our needs there. We kept everything very simple but comfortable. It was great

relaxation and exercise for us over the weekends and vacations.)

(After Janet's death in 1973 and after the youngest daughter returned from college and found her own place; I sold Kakela and moved in 1977 to 700 Richards Street, Harbor Towers, which was conveniently close to my remaining business activities and I had a downtown parking space. I sold this after ten years in 1987 and moved to 1434 Punahou Street.)

WN: Is there still a Lewers & Cooke today?

FL: There's no Lewers & Cooke (corporate organization today that I know of).

WN: Not at all?

FL: It's gone. It (was closed down around 1978 by Champion Paper).

WN: There's something in the phone book now.

FL: Hm?

WN: You look it up in the phone book, there's still something.

FL: (If there is), I'll tell you what it is, then. There's a young attorney here by the name of Hulton. (They had tried to) liquidate everything (but they had) certain properties, certain tract developments that still had some life (or unmet commitments in them). They kept (Hulton) who had been working for the development company. They kept him on. And I think they finally made some arrangements with him to carry it on. And so maybe the Lewers & Cooke name is in the telephone book today (as a reference to Champion's operations and as an access number to reach Mr. Hulton).

WN: It is in there. It's under (Lewers & Cooke). It's just got an office—suite something, you know what I mean?

FL: Check. What it amounts to is the company, Lewers & Cooke was (substantially closed down). That I know. Because—if you want a little interesting story here on it, as to how I know—I know it was liquidated because of the newspaper, but there were two paintings of two sailing vessels of Lewers & Cooke. There's one on the wall there, and there's one behind you. And I'd seen these paintings since I was, you know, old enough to remember them. And I'd always loved these two paintings. They were done by a Mr. Coulter, who was a very prominent marine artist way back in 1889 and 1891. So they're both now a hundred years old. And I had told (Champion) that I wanted these paintings (if they were ever going to give them up). And I got this telephone call one day, the president said, "We're going through the final liquidation of the company. You told me at one time that you'd like to have first crack at the paintings."

And I said, "I feel that way. Let me know what your price is on them and if I can handle it, I'll buy them." Well, I got the price, it really knocked me over.

(Laughter)

FL: But I said, "Damn it, I want those paintings." So I bought them. I didn't argue with them on the price of the two paintings, but there were actually three. The third painting was a painting of the schooner *Commodore*, which the company had bought in the early twenties, and then had sold (it) sometime in the early thirties, because it was no longer a profitable venture to bring lumber in by sailing vessel. Your lumber came in (one and one-half) million feet quantities, (about) four times a year, because that's the total number of trips a sailing vessel could make. And that meant your inventory went up—skyrocketed four times a year and then dropped way down and skyrocketed again. You never knew when the inventory was coming. The trip would take as few as nineteen days to as long as forty days to make the trip south. So you never knew when it was coming. I made one trip on the *Commodore*. It took thirty-three days and the only reason it wasn't thirty-five, thirty-six, or thirty-seven was they needed the lumber that we had aboard, not me. (We were becalmed off Kalaupapa.)

(Laughter)

FL: And they sent the tug clear to Kalaupapa, off Moloka`i, to pick us up and tow us in.

(Laughter)

FL: And so the trip was short(ened) by (the tow). Anyway, so the picture of (the *Commodore*) had hung in Jim Lovell's office for many years. And (it was) part of this deal. And so I said to him, "Look, they valued that painting less than the others. I'll pay you your asking price for the two Coulter's paintings if you'll give Jim Lovell that painting that was in his office. Because," I said, "Jim loved that picture and, you know, he was president of both companies (from September 1972 to February 1974) between (the several) other presidents that (Champion) had."

And he said, "That's a fair offer. Let me call you back." And about fifteen, twenty minutes later I got the call back, and he said, "We'll accept your offer on the two Coulters and we'll give Jim Lovell the other painting." So I felt good about that, because, I don't know, I just felt that Jim had liked it and

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that this was something that they'd done for Jim. So anyway, Jim has that picture. (These museum-quality paintings will perpetuate the Lewers & Cooke name for maybe another 100 years.)

WN: That's a great story.

FL: So, the time---I remember when I bought the painting. It was in 1978, so that's when (Champion Paper had begun to cut back substantially everything they could, but there are always loose ends to clear up, especially in tract development programs). (Hulton has taken that over so it should be well-handled.)

WN: Lewers & Cooke was no more (as you know it).

FL: (You are correct.) After 1965, Plywood and the Champion managers had actually increased developments substantially. But now, sometime before 1978 (thirteen years later), those policies had been changed. I cannot give you an answer. I was not privy to their history after 1965 of results or their objectives during these twelve years. Please remember I had resigned, as described, in (early) 1966.

WN: Okay. In conclusion I'd like you to just wrap up your life and your reflections on your experiences with Lewers & Cooke. I know—as I said this is a project basically on World War II . . .

FL: Yes, it's sort of gotten quite a way off. (Laughs)

WN: Well, no. That's probably it. I mean that's really what the war was. It was a turning point in everyone's life . . .

FL: (Yes, but we here were far better off than those who had to go to war and fight. We had problems but nothing like they did. We actually had more difficult problems as a result of the foreign ideologies, which seemed to come as a result of the war. Socialistic, non-productive ideas, popular at the time, have now been disproved by USSR results. Their standard of living has proved these socialistic theories non-productive.)

WN: Would you say that all of this is---it's sort of interrelated though, from the pre-war to the post-war. I mean wartime to the dock strike . . .

FL: (More time is needed to sort out the constructive or destructive components of socialism and the seemingly failure of the U.S. to develop productively and in a sound financial way. Our problems have grown gradually, but very persistently worse in many, many ways right up to 1992 in the United States.)

WN: As you look back, would you have done anything any differently?

FL: Oh god. Well, that brings in the problem of hindsight. (Yes, but I'm going to pass that question.)

(The war years demanded the complete restructuring of the Lewers & Cooke organization to meet the needs of the military effort. I have briefly outlined some of what we did to aid their effort and to survive the period as an organization so we could begin again to perform the housing job Hawai`i needed as the war effort tapered off.)

(The building game is a very complicated one involving the coordination of many parts: land, zoning and many governmental permits, and requirements. It requires imagination, architects, engineers, many tradesmen, several separate unions, financing, insurance, and bonding requirements. To put it all together requires sub-contractors and general contractors to coordinate everybody to produce the type of structure and shelter the market in each case demands.)

(Up to the time of the war, Lewers & Cooke produced a substantial part of the housing inventory and much of this still exists today, serving its owners as it was built to do. The war years, and the strike which followed, interrupted this addition of new housing inventory. But as Lewers & Cooke was able to re-establish its "residential home building organization" and cooperative contracting functions for the individual home builder, and also begin the joint venturing of tract developments, they again played an important role in building Hawai`i's housing inventory. Most of this inventory still stands today, 1992, and will for many years to come, giving satisfaction to its many thousand owners for whatever purpose it was built. Lewers & Cooke also sold many kinds of building materials to non-residential structures, office buildings, hospitals, most kinds of building structures. These components function today and will for years to come.)

(So what Lewers & Cooke assisted in still stands today and makes up a large percentage of Hawai`i's building inventory. I am proud of the part the Lewers & Cooke people played over many years and the satisfaction of those who are left knowing they contributed in this effort. Together we accomplished much for the satisfaction and happiness of the community, but much will remain to be done as housing demands increase and change over the years to come. In 1956, we established our basic mission: "To Build a Better Hawai`i through Service to Builders." Together we met that objective.)

END OF INTERVIEW

The following pages have been appended to Fred Lowrey's interview transcript at his request.